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Modern Industrial Tendencies

MODERN INDUSTRIAL TENDENCIES

BY

SIR CHAS. W. MACARA, BART.

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MANCHESTER
SHERRATT & HUGHES
1926

PREFACE.

In a world in which so much commercial and political unrest still exists, largely, of course, due to the great reaction caused by the war, no apology or excuse is needed for issuing a volume embodying my latest ideas and suggestions for helping forward the great work of reconstruction and settlement which is yet so far from completion both in this and other countries.

While I have devoted myself primarily to the position of the British cotton industry in the series of articles here produced, I have not been unmindful of the wider aspects of national and international progress and stability, and I have thought it well to reproduce in the appendix extracts and articles from outside sources which I considered highly necessary for a proper understanding of some of the difficulties and obstacles with which we are faced in our efforts to re-build the sadly-damaged fabric of our international prosperity. I allude in particular to the excerpts from that important and influential journal the *Manufacturers Record,* of Baltimore, in which is put forward an eloquent plea for the reconsideration of the whole question of allied debts to the United States.

I would ask of my readers very careful attention to this question, for upon its ultimate solution will depend whether the world is to reach firm ground within a reasonable length of time, or is to go

floundering along for many years with its commerce hampered and its finances straitened, with all that these disabilities may mean in the way of international discord. There is no doubt that there has been of late a great quickening of the American conscience on this question, especially as it is coming to be recognised that there is something very immoral in a situation which allows a country to come out of a war richer than it went into it, and owing to the disparity in the exchanges at the time of borrowing and at the time of paying back, allows the creditor nation to get back double what it lent. The Editor of the *Manufacturers Record* does not hesitate to describe such a transaction on the part of his countrymen as "preposterous." Personally, I leave the matter without comment, but consider it a duty to reproduce the very trenchant arguments of the journal named, of which I have already made a wide circulation throughout the world, and bring the whole matter to the bar of public opinion.

In calling attention to the various articles submitted dealing with the cotton trade, I need only mention that there is evidence in many directions that the views I have never ceased to expound in the hope of lifting the English cotton industry out of its deplorable position, are being adopted with marked success by some of the leading cotton-using countries of the world. In these circumstances, it is greatly to be regretted that the English cotton industry has, so far, failed to apply the remedies which would, I am convinced, place it once more on the road to prosperity. It is to be hoped that our usual attitude towards new

and progressive ideas will not be allowed to stand in the way much longer, and that we shall adopt, before it is too late, that co-operative policy of working which, I contend, is, under present-day conditions, so necessary to a return to prosperity.

In the articles included in this volume, which have been mostly written at the request of the editors of many leading journals, both at home and abroad, some repitition has been unavoidable; but for the sake of continuity I have decided to reproduce the articles without material alteration.

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MODERN INDUSTRIAL TENDENCIES

INTRODUCTORY.

Since the appearance of my last book, *Trade Stability and How to Obtain It*, devoted largely to showing how greatly the cotton trade of England would be benefited by the adoption of a scheme of Control, there have been many signs and tokens of a veering round of public opinion in favour of organised co-operative effort in industry, although the staple trade of Lancashire has not yet been courageous enough to fall into line with those industries which have found a solution of their financial and other problems by working their businesses on a basis of mutual help and trustfulness rather than on a policy of selfish opportunism. There is no doubt that the publication of the findings in the Government Inquiry into the recent extension of trade organisations and combinations has done much to dispel distrust of the action taken by employers to safeguard their interests, and has shown the country that there is in these schemes of working no reason to anticipate the ill effects that have too frequently followed upon the establishment of "trusts" and "combines" in the United States of America. The conclusion the Government Committee arrived at was that instead of prices being raised against the consumer, the elimination of diffuse and wasteful methods of manufacture and administration more often tended to the production of a cheaper and better article, and that collective working was on the

whole beneficial to both the public and the industries concerned. Moreover, the Report dealing with this question, which ought to be read and studied by everyone interested in industry, must have opened the eyes of the nation to the extent to which this principle has already been applied by the more important industries of the country, apart from cotton.

In an interview on the coal situation before leaving for Canada in August last, the Right Hon. Sir Alfred Mond, M.P., the newly-appointed Chairman of the Fuel Economy Committee set up by the Government, had something to say on this subject well worthy of consideration. After expressing the opinion that at the present moment we are suffering from a 15 per cent. over production of coal in this country, Sir Alfred said :—

> "What we ought to aim at is to stabilise all coal prices by properly controlling our production and our sales. It is practically the experience of every great industry in the world, and the whole tendency of industry to-day is to get together, both nationally and internationally, in an endeavour to avoid unnecessary waste of capital in expenditure, and to endeavour to produce your most economic unit at full-time rate instead of in a number of uneconomic part-time rates, and regulate your selling so as to ensure to the customer both consistent quality of production and stable prices—in fact, to make coal-mining an industry and not a gamble."

If we substituted the word "cotton" for "coal" in the foregoing paragraph we should have something near to what I have advocated for the cotton trade for many years past. It is true, as Sir Alfred Mond further pointed out, that unless you regulate production to accord with consumption you will never get out of the economic difficulty which the coal and the cotton industries are now in, and you will continue to have alternate periods of boom and slump, which is bad for your own trade and for industry generally.

My own idea all along has been that in a control scheme established for the benefit of the cotton trade we should take into our counsels the operatives, and admit them to a full share of responsibility and advantages; but, curiously enough, the workpeople, or those who lead them, never get beyond giving the scheme their support on paper. Instead of coming forward in a helpful way, they prefer to stand aside when the time for action comes and talk of "the mad craze of 1919-20," and make mischief by contending that employers have arrived at a state of mind that desires to sit tight on a profit arrived at through short-time working rather than take a similar profit on a full-time working week.

It is amazing what confusion of thought there is still in the minds of operatives' leaders on both the question of the re-capitalisation of mills and the question of the restriction of output. Especially is one surprised to see a gentleman who occupies the position of President of the United Textile Factory Workers' Association arguing that the prices at which spinning mills were sold and refloated in 1919-20 has had a

great deal to do with the present state of the industry; that until that position is faced squarely there seems little hope of any radical improvement in the near future; and that the money that is now being paid as interest on loan money, debentures, preference shares and bank overdrafts would pay a moderate dividend on the whole of the capital if the capital represented replacement value.

The fallacy in the above statement is that it is the amount of the share capital that is responsible for present financial troubles in Lancashire mills, whereas a great portion of the interest payments which burden concerns to-day is due to something that has taken place since the mills were sold and refloated. First of all, it should be made quite clear that the huge accretion of capital values at the time of the sale of the mills affected the shares only, and the shares in a cotton mill, as everyone knows, are but a small part of the capital employed. In some mills the shares pre-war did not represent more than one-eighth of the capital. Now, those who "got away with the swag," were the shareholders. The people who found money on loan, and who found in most cases three-parts of the capital, got nothing whatever. The money subscribed by the new shareholders went very largely to pay the old shareholders out, at exorbitant figures in many cases, I admit, but at all events it was a transaction which did not affect in the least the loan-holders, who before and since the turnover of the mills found the bulk of the money to run the mills. Therefore, if the new shareholders have taken little or no money out of these companies since they were

re-capitalised, how are they responsible for the state the concerns are in at present? A good many mills, as trade union leaders know full well, have not paid a farthing to their shareholders for five years or more, so that it is impossible to accuse them of being responsible for debentures, overdrafts, or anything else which may have contributed to keep the mills in an unsatisfactory condition. The present shareholders may have been vicitmised, but at least they are not responsible for mills being unable to pay their way.

Who or what, then, is responsible? Bad trade partly, but more even than bad trade has been the wanton throwing away of capital by concerns which, having bought cotton and paid wages to convert it into yarn, have deliberately sold the product at under cost of production. The fruits of this senseless and wicked policy has been to undermine the position of hundreds of firms. Instead of the shareholder being responsible for the present state of things, he it is who has had to meet call after call for more share capital to pay the regular interest to loanholders, to make good the withdrawals of loan due to uneasiness caused by the continued losses, and to reduce from time to time the mounting overdrafts at the banks. As for the debentures alluded to, they were not known and not required until directors began to give away pence per pound with all the yarn they sold. It is, then, these flagrantly stupid losses, incurred through a refusal on the part of boards of directors to join hands to prevent the leakage, that have been responsible for the present state of the industry, and not, as is so erroneously stated time after time, the

money taken from the mills by the shareholders. It was the outside public and not the mills themselves that found the money to pay the old shareholders a matter of £25 to £30 for each £5 share, and it is these new shareholders, and not the loanholders, the debenture holders, or even the workpeople, that have cause for resentment to-day. Practically all the financial interests involved, except the shareholder, have received their dues with unfailing regularity, and the operatives can hardly grumble at receiving wages for producing goods in excess of what the demand in the trade justified. Moreover, it may be some satisfaction for these critics to know that a great many of those who made enormous profits at the time of the turnover of the mills, have, as a result of re-investing their money in cotton factories, been obliged to disgorge their big profits in the course of paying "call" upon "call" on their unpaid shares in order to pay for the upkeep of the mills in the bad times we have subsequently experienced, and, of course, are liable to pay loanholders, debenture holders and the banks their full twenty shillings in the pound.

I would not for a moment have it understood that I am excusing in any way some of the prices which were asked and obtained for spinning mills at the time of the boom, but I have never seen the force of the argument that all re-capitalisation was a gross blunder, considering that the standard of values owing to the war had been advanced everywhere, and that they are still practically double what they were in pre-war days. If raw material, machinery, wages, and everything required in the building and equip-

ment of a mill had appreciated so enormously, I cannot see still why it was wrong to increase the capital of Lancashire mills. Indeed, I cannot see that it could well be avoided if assets were to be properly safeguarded. To say that a few mills withstood the temptation to increase their capital proves nothing; an analysis of their balance sheets will show that their values are fictitious in every way and that the directors of non-turned over mills are merely playing a game of self-deception. Moreover, many of the non-turned over companies who are posing as having virtue in greater measure than their neighbours, have but their own greed to thank for not being as highly capitalised as the highest, seeing that they entered into negotiations like the rest but missed the market owing to being too rapacious.

With regard to the charge that employers prefer to sit tight on a profit arrived at through short-time working rather than take a similar profit on a full-time working week, one can only say that it is as foolish and as far from the truth as that other statement, made by a British Trade Commissioner in India, that cloth prices are being artificially bolstered up in Lancashire by short-time working. The operatives' leader who made the first of these charges, must have known that at the time he made his statement that there were scores of mills on short-time in his own district that were not making any profit whatever, nor had they paid dividends for years past. Moreover, if mills preferred to make profits on a small production, why has the Master Spinners' Federation had such difficulty in getting the trade to adopt its short-time

recommendations? The real complaint in Lancashire has been, not that a restricted policy was preferred, but that losses were being made owing to an over-eagerness to run more hours than the demand justified. As to the charge of artificially bolstering up prices, one need only point out that during the time that cotton has been falling from 13d. to 9½d. per pound, the fall in both yarn and cloth prices has been double that of the raw material, which points to the fact that spinners and manufacturers have been making sacrifices constantly in order to attract business. The boot indeed is on the other leg, for the action of buyers on the Manchester Exchange for a considerable time past lends colour to the suspicion that it is for the spinner that traps are constantly being laid, seeing that buyers are careful to conduct their dealings so that they may take advantage of the spinners' foolish policy of over-producing and later on of slaughtering their stocks.

It would be much more sensible, rather than one side blaming the other for something that is past and cannot be helped, for employers and operatives to get together and make a determined effort to put the trade on a prosperous basis again. That this can be done is shown by what has happened in Belgium, where, through the good offices of my old friend and colleague on the International Cotton Federation, Count Jean de Hemptinne, chiefly, the whole Belgian cotton spinning trade has been consolidated on a control basis. Indeed, Count de Hemptinne informed me some time ago that the Association Cotonnière de Belgique, of which he is president, had been re-

modelled on lines similar to those which I have for so long advocated, and which the Provisional Emergency Cotton Committee, established in Manchester, adopted so enthusiastically. It is not very flattering to our self-esteem as a nation to find that while we put forward ideas of value other countries adopt them before us, but so it is in the case of Cotton Control, for not only has the guiding principle of re-organisation in Belgium come from England, but we can take credit for having opened up to Japan, the United States of America, and other countries, the road to industrial success.

Faced in the latter days of the world war with a sombre and doubtful prospect, Belgian spinners and manufacturers organised in the form of a co-operative association, formed in May, 1917, under the name of La Textile. The purpose of the association, we are told, was to facilitate the restoration of the mills and to co-ordinate the efforts of spinners, and the Belgian industry in consequence has been enabled in recent years to steer successfully through very difficult waters. The Secretary of La Textile, in a recent report, states that before the formation of this association the main purpose in life of Belgian industrialists seemed to be to carry on an unceasing struggle against their neighbours. To-day, organised on the co-operative principle, the spinners are studying questions of common interest, and instead of dispersing their efforts they are concentrating them on the improvement of production, on lowering prices, and on establishing the relations of employers and workers on a basis of better mutual comprehension.

Surely an excellent aim in life, and one which we, as the leading textile nation in the world, ought to have been the first to put into practice.

It is a satisfaction to me to see that one other reform for which I have strenuously contended for many a year—that of arming ourselves with full statistics in order that we may have an irrefutable basis for recommendations to the trade in regard to regulation of output—is at last finding favour everywhere. When I say "everywhere," I am convinced that cotton spinning and manufacturing countries outside England have shown a much greater readiness than England to adopt the suggestions that I have been able to make out of a ripe experience, but even Great Britain, slow to move as she is ever in any new venture, is beginning to realise the necessity of doing things with a little more scientific accuracy than has been the case in the past. It is gratifying to see the heads of great concerns coming forward and testifying to the fact that booms and slumps are caused largely through an inadequate knowledge of the conditions existing in our chief exporting industry, and that we could not only plan our manufacturing programmes better, but maintain more regular employment if all firms co-operated in supplying figures as to what was going on in the trade, and more particularly as regards the amount of the stocks which spinners and manufacturers have in hand.

Internationally, this need has been frankly acknowledged. At its meeting in Brussels in June, 1926, the International Cotton Committee placed on its records a minute stating that in view of the quick changes in

the state of trade from short periods of good business to lengthy periods of bad business, the need for additional statistics, indicating the trend of trade, for the information of members, was felt to be desirable, and it was resolved that the affiliated associations be invited to express their opinion on the feasibility of obtaining from members information respecting stocks of yarn, this information to be supplied half-yearly in conjunction with the international statistics of raw cotton stocks at the mills and mill consumption. The information to be asked for is how many days will it require to work off yarn orders in hand, and how many normal days of work do unsold yarn stocks in mills represent, and is exactly the sort of information that I have for long urged the English Federation to obtain, but without success. It is information which will be of the greatest value, and the call for it by the International Committee at Brussels but emphasises again how much more intent upon the trade's interest is the International Cotton Federation than is its English prototype.

To show how thoroughly alive other countries are to the necessity of obtaining full and complete statistics to work upon, I need only quote a resolution passed at a recent convention of the American Cotton Manufacturers' Association at Atlanta. The resolution referred to reads :—"That members of the Association individually cease the practice of speculative production of stock, which inevitably leads to unemployment, and to co-operate with the Association of Cotton Textile Merchants of New York in its comprehensive plan for the collection, compilation, and

orderly distribution of statistics of production, stock and unfilled orders on a wide range of construction."

With the same eagerness for scientific accuracy in England, coupled with a co-operative scheme of working, the cotton trade would very quickly throw off its present lethargy, and, what is more, the success which would surely be attained would never in future be lost.

SOME NEW TENDENCIES IN INDUSTRY.*

When the Editor of the journal issued by the Société Belge d'Etudes et d'Expansion approached me for an article a few weeks ago, he was good enough to give me a choice of subjects, and the one that especially appealed to me was that in which I am enabled to set down my views respecting the general trend of industrialism, and the lessons to be learned both in my own country and elsewhere from the unhappy state of things which has existed for five or six years past owing to the perversity and want of vision of those who are responsible for the carrying on of the world's trade and commerce. What I have to say will, I hope, have the double object of strengthening the bonds of friendly relationship between the two countries of Belgium and England, so recently fighting side by side in the great cause of freedom and humanity, and of stimulating also men of influence and good intent, to whatever nation they belong, in the great work of building up those commercial confidences and understandings which, more than anything else, make for international peace and goodwill.

Anyone familiar with what is set down in my numerous books on trade matters will be aware how warmly I have advocated the cultivation of the international idea, believing, as I have always done, that

*Written for the Société Belge d'Etudes et d'Expansion.

the greatest drawback to world progress and development lies in countries taking narrow, selfish views, and that it is the emptiest of delusions to imagine that the prosperity of one country can be secured at the expense of the injury or downfall of another. Those of us who were concerned with the early fortunes of the International Cotton Federation and the International Institute of Agriculture hoped much from the policy of peaceful penetration which those two bodies were so helpful in developing, and saw in their careers of promise all the possibilities for good which have been claimed for the present League of Nations, but with this difference, that whereas the League of Nations seems, through mistrust and jealousy, to present an uncertain prospect of getting the world to live at peace, the two great organisations I have named had begun many years before the war steadily and surely to permeate the nations with their principles of international concord and mutual trading advantage, and but for the intervention of hostilities would by now have made a profound impression upon the minds of the peoples of the world. As it is, their work simply suffered a temporary check, and the ideals for which they stand are emerging as vigorously as ever now that the world is coming to its senses again.

The war, as we have seen, put everything out of joint, and ruthlessness rode roughshod over every effort that had been put forward to bind the nations together. Then, when the time arrived for laying down our weapons of offence, troubles were fomented, injustices perpetrated, and heavy financial losses incurred through the desire of one country to get the

better of another in matters affecting commerce and industry. For the past eight years we have been engaged in this futility, forgetting how nicely adjusted is the world's scheme of trading, and how impossible it is to get the machine to work smoothly if we leave out or injure any of its parts.

Many instances will come to mind of failures which have been due to nations having endeavoured to set aside the great and enduring principle of inter-dependence, without which the whole world is plunged into chaos and disaster. "Every man for himself," regardless of the interests of others, is a policy as mistaken and immoral in nations as in individuals, and the great number of our troubles, political, social, and commercial, are due almost entirely to this selfish and short-sighted way of looking at things. We do ourselves a far greater service by helping another nation to regain its feet than by trying to keep it prostrate, and if we attempt repressive tactics we are sure to fall victims of the law which operates unfailingly in international trade.

For this reason, we should watch incessantly for opportunities for joining forces rather than for means of injuring a rival. I could not but be struck with the picture drawn by a writer recently of the state of things in Europe as compared with that in the United States of America in the matter of trading relationships. On the one hand, Europe is made up of nations engaged constantly in tariff warfare, and on the other there is, in the United States of America, Free Trade within the whole of its 48 States, extending over three to three-and-a-half millions square

miles of territory. We know, of course, how the United States treats other nations in fiscal matters, but, at all events, it has the good sense to maintain absolute freedom of trade within its own borders. Look how much would be gained if European States followed this example and came to some arrangement not to hamper each other's trade with restrictions; and, to come nearer home, what an enormous advantage it would be to my own country and its dependencies if we could but establish freedom of trade within the British Empire. But still we go on, fighting for our sectional interests, overlooking altogether the incalculable benefits which would accrue if we would but infuse a little more of the co-operative spirit into our dealings, and plan our affairs for the common good.

And just as we are in need of better political and commercial relationships between nations, so we require more unity and goodwill in our domestic industrial relations. My experience during the past few years has led me to believe that one of the greatest drawbacks to progress is not merely antagonism between Capital and Labour, but, what is yet more exasperating, the opposition which employers on the one side and employed on the other displays towards schemes designed to bring them into line for their own especial benefit. I have, as is well known, been engaged for some time past in an effort to bring English cotton spinners, employers and operatives, to a realisation of the advantages that would follow the adoption of a Control scheme for the industry, and have to acknowledge that I have found quite as much

suspicion and jealousy existing in the ranks of each as there is between the organisations themselves representing the two sides. The employers have again and again given their votes in favour of a suicidal individualism when the showing of a solid front would have restored their businesses to a profitable level; and the leaders of the operatives, on their side, have either been too jealous of each other or too afraid of losing their own power and dignity, to support a scheme which would undoubtedly have meant more employment and more wages for those whose interests they were supposed to be safeguarding.

In the same way, we see opposition on every hand to any comprehensive scheme of co-operative working or profit-sharing; and in many industries piece-work, so profitable to employer and employed, is rendered inoperative either by the greed of the employer or the veto of the Trade Unions. For long years I have advocated that operatives should be given a share in the control of industry, but have held that this interest should be in the form of share capital carrying representation on the executive rather than in cash with no responsibility. The people in our cotton mills had an excellent opportunity during the last boom of acquiring such interests, but they allowed the chance to slip, being too anxious to get all the return possible in the form of wages. This, no doubt, helped to run up the prices of cotton goods to an inordinate level, with the result that we have had an unparalleled spell of poor trade and unemployment since. I have at all times been a special friend of the Trade Unions, believing that we could not get on at

all to-day without the means of collective bargaining, but I do not consider that the best interests of the workers are served by shutting them out from every opportunity of getting a firmer footing in the concerns in which they are employed.

It was stated recently that a Cumberland firm of colliery proprietors had offered to its employees a most attractive scheme of co-partnership, and there was no doubt that had the men followed their own inclinations they would have accepted it, but the mandate of their union leaders was against the enterprise, and the scheme fell through. There are many cases of this sort, which show that the Trade Unions, while constantly criticising the employers and charging them with making exorbitant profits, will themselves take no responsibility in management, or acquire businesses of their own. Outside the co-operative societies there are few big businesses run in a collective capacity, a fact which obviously discounts many of the charges made against those who now conduct these large concerns.

As the Chairman of the Elder Dempster Shipping Line put it recently, the workers, instead of fighting Capital in the old way, could put an end, once and for all, to the interminable quarrels between Capital and Labour if they would but take up the matter in earnest and form a great Capital organisation of their own. Within a generation, he said, British workers might in this way become the owners and controllers of all the main industries in the country.

But, unfortunately, Labour seems to be able to see no virtue in anything but nationalisation, which

means, in the majority of cases, that the community generally must shoulder any losses which may be entailed while being allowed to have no share in any of the profits made. For along with the cry for nationalisation goes the one that all industries should be run for the benefit of those engaged in them, which is an arrangement as illogical and one-sided as anything could well be. How a country could be run for long on these lines without becoming bankrupt it is difficult to see.

In looking around for a remedy for such a state of things as we have at present, one is forced to the conclusion that what is keeping trade in its present moribund condition is the lack of personal incentive. Raising or lowering hours, altering the rate of pay, or making the State the employer instead of the individual, will, I am convinced, be altogether futile unless we awaken in the worker an interest other than he has at present. At the moment he is fed with a number of foolish doctrines, one of which is that he, and he alone, is by his labour making such profits as are made in industry; another, that the best way to serve those in his own trade and provide more employment is to restrict output, and consequently there is, among those who listen to these fallacies, no incentive to give "a full day's work for a full day's pay." That incentive it is the duty of employers to supply, and to my mind there is no better way to do this than to seek a means of bringing the worker in and giving him a real interest in the article he produces. Wages alone do not accomplish this: he must in some measure become a

partner in the business and know that in working for his employer he is working also for himself.

One is glad to see that this idea is at last gaining ground, that employers are beginning to correct their mistakes, and that the more enlightened of the workers' leaders are beginning to throw their influence into the scale on the side of a better understanding between those who find the capital and those who find the labour. Mr. Philip Snowden, Chancellor of the Exchequer in the late British Labour Government, has had the courage to come forward and tell industrialists a few plain truths. One of these, and the fundamental one, is that "never can more be taken out of industry than is produced by that industry," and another that Trade Union leaders and workers will be obliged to change altogether their attitude towards industrial matters. They will, he says, have to realise that they are partners in industry, that the depression of industry hits them proportionately more hardly than it hits the employers, and that any progressive expansion of industry will accrue proportionately to their benefit. Trade Unions, he contends, should not be merely concerned in getting the highest possible wages they can screw out of industry, regardless of the condition of industry, but rather in helping to make industry thoroughly efficient, so that the highest possible wages can be paid, and Mr. Snowden concluded his outspoken remarks by the following sound advice :—

> "The condition of industry is such that it is imperative that we should get employers and

workmen together, that they should consider the whole situation, that they should abandon their old ideas, that they should realise that they are all partners in industry, and that they should pool their brains and pool their energies."

It is highly gratifying to me to hear a prominent leader of Labour talking in this strain, for it shows at last that the lessons that I have been engaged in inculcating for so many years have begun to strike deeply into the public mind. They are lessons which not only England but all the world needs to learn, and once this doctrine of mutual endeavour is put into practice the whole of industry will take on a measure of prosperity such as it has hitherto never known. Besides, under such a policy there would be no room for the "wild men" and the international mischief-makers, for peace and contentment would take the place of envy, hatred, and uncharitableness, and Bolshevism would find its occupation gone.

I have to acknowledge with no little regret that so far as my own industry of cotton spinning and manufacturing is concerned, we in England, the pioneers of that industry, have been sadly behind in learning the lesson which is embodied in friendly co-operative effort. For the last six years we have obstinately refused to get together, although it has been as plain as anything could be that we could thereby have saved millions upon millions of money. And the astonishing thing is that we have all the time been persistently sinning against the light. We have had before us the example of a scheme of Control of the industry which

saved us from ruin in war time, and yet, by some strange perversity, we have in recent years of trial and depression refused to combine for the preservation of our trade until such times as the world recovers its purchasing power. In Belgium, in Italy, in Japan, and to some extent in the United States of America, those engaged in the cotton industry have been wide awake enough to take the advice I have given and to seize the advantage of working in combination; and yet, in England, where there was more necessity and more reason than elsewhere for combining forces and keeping our resources intact, we have steadfastly refused to do anything to help ourselves, pinning our faith, as if bewitched, to an outworn policy of individualism. For long I have cried as one in the wilderness, and yet the problem presents itself as to whether, even yet, we shall have the wisdom to grasp the situation before it is too late. Many of our mills have suffered terribly through loss of capital, and nothing can save them from utter destruction unless they set aside their selfish, jealous tactics and decide to work together for the general good.

I have the greatest faith in the future if once we could be persuaded to accept the principle of co-operation and to realise the fact of our absolute interdependence. There are endless opportunities in the world still for trade expansion and development, especially in those departments of industry devoted to the production of food and clothing. It is impossible to have reached the limits of our production in a world in which populations are constantly growing

and more and more people are coming year by year within the circle of civilisation. What is wanted is more faith and more enterprise, a truce to our individual and international jealousies, and the whole world of trade and commerce would emerge stronger and more prosperous than ever.

INTERNATIONAL ASPECTS OF THE COTTON INDUSTRY.*

Our Post-War Difficulties.

The six years that have passed since, at the request of the Editor of the *Revue Economique Internationale,* I contributed an article to the pages of his world-famed journal, have been years of severe trial to the cotton trade—a period, indeed, such as the industry has never before experienced in the whole of its history. I am, of course, referring more particularly to the English cotton trade, but I think I am right in saying that the last half-dozen years have been very difficult also for all other nations engaged in the manufacture of cotton goods. The war brought its own special troubles to a country like England, dependent upon overseas markets for the absorption of four-fifths of its cotton products: but other nations, while having little dependence on export trade, did not escape the very harassing burdens which were imposed upon them by depreciated exchanges and the war's destructiveness.

The article I contributed to this journal in 1920 was written at a time when England was near the end of the feverish boom which sprang up after the signing of the Armistice, and much of what I wrote then was directed to the necessity of providing,

*Written for the *Revue Economique Internationale.*

wherever possible, additional sources of cotton supply, and of developing at the same time those already in existence. Few foresaw the disastrous falling off of trade that was to follow a few months later, and those who did, never dreamt that the slackening of demand would be of more than temporary duration. As the war had left the world with a great scarcity of cotton goods, it could not be expected that orders would cease so suddenly, and certainly it could not be anticipated that the depression would last for several years. It has, indeed, lasted up to the present time, owing partly to the excesses of those who scrambled to obtain yarn and cloth in 1919 and 1920 and who consequently forced up prices against themselves, and partly to the gross mismanagement and selfishness of those who had the handling of the raw material at the outbreak of the war.

Indeed, it is to the last-named blunder that we can attribute the major portion of our troubles during the past few years. Most spinners at that time, perhaps, did not grasp its significance but as the years have passed they have found how grievously mistaken and costly was their action in taking advantage of the cotton planter's misfortune at the moment when the outbreak of hostilities had upset all his calculations.

The circumstances are worth recalling. The month of August, 1914, found us with an unusually large crop of American cotton at the time when we had, especially on the Continent of Europe, a large number of spindles and looms brought to a standstill

by the war, and the occasion appealed to me immediately as presenting an exceptional opportunity for creating that reserve of cotton I had so long hoped to see established for the purpose of safeguarding the trade and steadying prices at times when the cotton gambler was most persistent in his activities. I endeavoured to get the Government interested in the project, but they declined to move, and the English Federation of Master Cotton Spinners' Associations, of which I was president, refused to support me in a scheme which would, at least, have ensured to the cotton grower his costs of production, and at the same time have created a reserve of cotton which would have been of incalculable advantage to the world's spinners in succeeding years.

We in England had for long been crying out for more cotton previous to this, and had established the British Cotton Growing Association, with the idea of supplementing the inadequate crops which were coming forward from America and elsewhere. We had, indeed, spent half a million pounds sterling in developing various cotton fields within the British Empire, but this money, owing to the manner in which the scheme was jeopardised by the action of those who opposed the creation of a reserve of cotton, might almost as well have been thrown into the sea. It was no use trying to encourage cotton growing in our own Empire and elsewhere if at the same time we displayed an eagerness to secure cotton at a price which meant ruin to the planter.

The view taken by the executive Committee of the Federation of Master Cotton Spinners' Associa-

tions in 1914 was narrow in the extreme and its effect, as I repeatedly warned them, was to plunge us into a worse position as regards our cotton supplies than ever before. The surplus of cotton that we might very easily have reserved was thrown upon the market at a ruinous price, with the result not only that it was sold at a figure which was unprofitable to the growers, but that much of it found its way into channels which it was very desirable it should not reach, and undoubtedly had the effect of prolonging the war. American cotton fell at once from 7½d. to 4d. a pound, involving a loss to the planters in the Southern States of America of something like £90,000,000.

The result may be easily imagined. The American growers, whose efforts we had for years tried to stimulate, were naturally incensed at the treatment meted out to them, and the very next year restricted the areas under cotton from 37,400,000 acres to 32,000,000 acres, and reduced the crop from over 17,000,000 bales to under 13,000,000 bales. They continued this restriction for some years, being determined to make spinners pay for their harsh treatment of the planters in the first year of the war. Naturally, as cotton went shorter in supply it rose in price, and trade became more and more difficult, especially with those countries in the Far East which have half the world's population, and where the natives have difficulty in securing their requirements of cotton clothing even when prices are normal.

The whole thing was a colossal blunder, and I declined to continue at the head of the English and

International Cotton Federations when I saw what disastrous consequences the action of the Executives would have upon an industry which depended so largely on taking a broad, far-sighted, and world-wide outlook. My resignation of these presidential positions, which I had occupied for so many years, did not prevent me, however, from continuing my educational work, the records of which are put in permanent form, and are available to all engaged in the industry.

The lesson which the above incident teaches is that it is impossible to view the cotton industry from any standpoint other than that of a great international industry, and especially must it be so with England which draws the bulk of her raw material from one side of the world and sells the bulk of the finished product to the hundreds of millions of people living on the other side. As producers of cotton goods we are, and must be always, vitally concerned in whatever is happening in the countries where our cotton is grown and where our products are sold. In this we differ altogether from the other cotton manufacturing countries, in that they are mostly engaged in supplying their home requirements and as the International Cotton Federation's statistics, which have been tabulated for 20 years, show, have altogether inadequate machinery even for that purpose. Neither we nor any other country that spins and manufactures cotton can afford to keep our attention concentrated wholly upon the mere making and selling of goods. We must at all times be on the lookout for tendencies and untoward occurrences

in lands far removed from the scenes of our labours, for upon those contingencies, over which it is shown we have no control, depend the success or failure of all our efforts. This lesson I am endeavouring constantly to enforce, but how few there are who are concerned with anything that is happening beyond their immediate surroundings. A dispute about wages or the dismissal of an operative will find them greatly incensed; while the problems of the raw material supply or a catastrophe which shuts down a whole market seem to be ignored.

It is our duty, however, to continue this crusade of enlightenment, until we reach the point when everyone concerned in the industry takes the world-wide view, and selfish individualism has given place to unity of action both nationally and internationally. We shall have to apply this principle to all our dealings if we are to reap the success which is due to those who are engaged in the great work of clothing the people of the world.

In the article written for this review in 1920, I emphasised the necessity for international co-operation in practically all matters connected with the trade, and especially with regard to wages and hours of labour. My idea was that there should be set up a standard which would give neither one country nor another an unfair advantage in competing for trade. I suggested that this was one of the most pressing problems of international industry, to which the closest attention should be given by a body like the International Cotton Federation. Attention has been given to the matter since that date, but I must admit

that such reform as has been attained up to the present is due more to the efforts of the workers than to those of the employers.

In the preface of my latest book, *Trade Stability and How to Obtain it*, I expressed my belief that the volume would be found of interest by those who, like myself, were working for the betterment of the workers both at home and abroad, and went on to say:—

> Internationalism has long claimed my most active sympathy, and I have set forth, in season and out of season, the value, politically, socially and industrially, of international co-operation and interdependence. I am glad to know that England has always taken a leading part in this great crusade, and one practical result of her efforts is to be found in the way foreign countries are coming into line with Great Britain in the matter of hours of labour. Mr. W. J. Tout, ex-Labour M.P. for Oldham, stated recently that no fewer than seventeen countries in Europe had decided upon a 48-hour week, and that countries in the Far East, where the conditions of labour were most unsatisfactory until recently, had also substantially reduced their hours. It may suit the cynically-minded to argue that this decision to give to workers a more ample leisure is in some countries much more honoured in the breach than in the observance, but we may be sure that organised Labour will not long allow itself to be flouted, and that

it is only a matter of time before working conditions become practically universal now that labour is moving on international lines.

It is clear to me that new methods will have to be found to meet the changed outlook and the changed conditions that have been brought about by the great European War, for that world convulsion not only changed frontiers, but roused nations and individuals in a way which will never allow them again to settle down into the old grooves of thought and action. The trend to-day is all in the direction of co-operation, internationally and industrially, and we shall, in the conduct of our businesses, have to reckon more and more with what the whole world is saying and doing rather than with what is taking place in our own domestic circles. Just as our horizons have been enlarged in matters of international policy, so we, employers and employed, will have to seek methods for promoting our interests on international lines. Indeed, unity of purpose, as opposed to a selfish individualism, will be forced upon us if we are to keep the cotton trade prosperous, for the experience of the last few years, especially, has shown clearly that we cannot any longer rely upon systems based on antagonism and competitive force.

In this connection I should like to stress beyond all others the necessity of obtaining for our trade fuller statistics to work upon. The more I consider the matter, the more I am convinced that we can only hope to make progress if we have at hand the fullest and most accurate returns from those engaged

in the industry. Unfortunately, many employers seem to imagine that to divulge figures is to give away some advantage they may possess in carrying on their work, but as a matter of fact it is possible by the collection and tabulation of statistics by chartered accountants sworn to secrecy to make leakages of individual figures impossible. Besides, it is not individual figures but totals that are wanted to work upon, and these would be tabulated without the slightest fear that any concern would suffer or that individual figures would be disclosed. This has been proved in regard to the statistics collected by the International Cotton Federation, and also by the data gathered from mills by the Provisional Emergency Cotton Committee.

Some countries, I am pleased to know, have risen above these foolish fears and are greatly benefiting by the exact information that is coming into their hands. Some little time ago, Dr .Cox, the Agricultural Economist employed by the United States Department of Agriculture, in writing to me, said :

> My study of the cotton markets and of cotton marketing in the United States and Europe has thoroughly convinced me that you are correct in your contention for greater publicity in regard to such matters as sales and stocks of yarns. You realise that the prices of yarn and cloth are normally based on the price of cotton. It seems to me that it is highly important from the standpoint of the spinner to have the adverse factors affecting his business register their in-

fluence on the cotton market. If the figures are not published in an official way the speculators and others dealing in the futures market have an opportunity to circulate reports favourable to the position they happen to take in the market, and thus make it difficult for the spinners.

The publication of the figures you contend for would not only be beneficial to the spinners intending to keep the normal parity between the class of cotton and yarn, but would also benefit the cotton growers, because, in my opinion, it would tend to prevent violent fluctuations in the cotton market.

The following extract from the columns of the *Daily News Record* of New York, shows also what importance the Americans place on full and reliable statistics :—

"Herbert Hoover, the United States Secretary of Commerce, has urged the cotton goods industry to find some means for exchanging data on production and stocks on hand. Such exchange, he insisted, would be an important element in the stabilising of business. Stability when maintained legally means a great deal for the entire nation. As is generally known, the Southern Branch of the cotton textile business has been exchanging information along the lines indicated by Mr. Hoover with considerable success for a number of months."

When we obtain the necessary statistics we shall know where we are; without them, we are groping

in the dark. A good example of what can be done with accurate figures was given recently by Mr. C. L. Stealey, general manager of the Oklahoma Cotton Growers' Association, in an article written for the "International Cotton Bulletin." He made the remarkable statement that on cotton worth 25 cents a pound in the ultimate market, as it was when he wrote, it was possible to reduce handling expenses by 7 cents per pound. He quoted an official report to the effect that 81 per cent of the service and time used by railway companies in transporting cotton was due to uneconomic methods, which could be changed quickly "if the man who pays the bill would simply give attention to what is being done and what he is paying for." Mr. Stealey gave a summary of fourteen items of excess charges, amounting altogether to 33 per cent of the cost of the cotton, which could be avoided if proper care were taken in handling and transport.

Without going into the question as to why the grower does not attend to this matter and save some of the wastage for himself, or reminding Mr. Stealey that the necessity for the reforms suggested has been pointed out for twenty years past by the International Cotton Federation, one may be permitted to say that there undoubtedly lie at hand many opportunities for economy if we adopted stricter methods of scientific investigation. The economies might easily mean the difference between conducting our businesses at a profit and carrying them on at a loss.

In such matters as these we are all alike interested, for obviously if savings can be made on the

raw material without injuring the planter, it would be of immense advantage to both the producer and consumer of cotton goods, and trade would be stimulated all round. There are, indeed, scores of subjects which call for international attention and which could be dealt with jointly by cotton-using countries, without in any way destroying the initiative of those who actually produce the goods. Rivalry there will be always between nations in the means of producing and selling, but that rivalry need never be anything but friendly, and never need degenerate into senseless competition.

The mention of competition, whether on domestic or international lines, reminds me that we would do well to examine how far the success of one country or another is due to real advantages in production or selling methods, and how far it may be due to unwise financial methods adhered to by those who may appear to be carrying all before them in the matter of securing business. Recently we have had two object lessons in what I may call artificially-bolstered trade methods, which on the face of them appear to be highly successful but do not commend themselves to those who desire to see their assets adequately safeguarded. The one instance is in England, and the other is in Italy, which has lately been spoken of as a severe competitor of England. It will be remembered that at the time of the boom in 1919 and 1920 some 70 per cent of the spinning mills in England were re-capitalised to meet the need for the extra expense involved in the cost of raw cotton, buildings, machinery and everything else re-

quired to equip and run our factories, but the other 30 per cent instead of facing the situation brought about by the changed conditions under which we were working, preferred to keep their capital at the old figure, believing that matters would in time become normal once more. As matters have not assumed the normal, and are not likely for a long time, if ever, to get back to pre-war levels, a curious situation has arisen. The old companies, as we will call them, although they have taken care to insure against fire their buildings and plant at the same high figures as the re-capitalised mills, and know that they cannot re-place their machinery at pre-war prices, insist upon calculating costings on the basis of the value of the plants as shown in their own books, and consequently are able on these lines to undersell their more heavily-capitalised competitors. Instead of depreciating, for instance, on a basis which would enable them to cover the enhanced cost of machinery and other necessary replacements, they are depreciating at the pre-war level, and consequently must be slowly but surely using up their assets. Instead of seeing where their weakness lies, these companies are for ever blaming the re-capitalised mills for their "recklessness" and "unwisdom," and their shareholders, instead of being alarmed at this procedure, are evidently quite content so long as dividends come along regularly. There are old companies at the present time that are not making profits out of trade, and yet are paying dividends, and their shares command high prices on the market. The money to pay these dividends is coming either

out of uncapitalised reserves or out of sums which ought to have been put to depreciation to keep the concerns on a sound financial footing.

It should be explained that those mills that are not re-capitalised are not allowed by the Inland Revenue Authorities to depreciate at more than their pre-war amounts, while the re-capitalised mills can retain an amount for depreciation which will to a great extent enable them to replace their machinery when it becomes necessary.

Dr. Giorgio Mylius, President of the Italian Cotton Association, an old and valued colleague of mine on the Committee of the International Cotton Federation, shows how this kind of cotton mill administration is giving Italy a certain doubtful advantage at the present time. In a report quoted in the *International Cotton Bulletin*, Dr. Mylius says :—

> The real advantage of the Italian product over the foreign article ought to be allocated to the fact that the Italian industry is selling with only a fair profit, while it ought to sell the goods at a higher rate. Calculating the cost account on the basis of the value of the plants as shown in the balance-sheets is wrong; we ought to consider their present-day value. Almost all the Italian cotton mills were erected before 1914, consequently they figure in the balance-sheets at pre-war rates of cost; they have not been re-valued as has been the case with many English mills. Considering that the plants are wearing out, it would be wise if a replacement fund were

established. Of course, this would increase the cost of our production, and would cut down the profit.

In other words, the Italian mills, like those in England that have not been re-capitalised, as well as most other cotton mills throughout the world, are showing fictitious results owing to the fact that they are not making adequate provision for those renewals of machinery which nowadays cost at least double that in pre-war days. Dr. Mylius supports me up to the hilt in all that I have contended in defence of the re-capitalised mills in England, and believes as I do that the others are living on their capital, and that their shareholders must at some time in the near future have a very rude awakening.

Those who have followed recent history in the English cotton trade—and I should imagine that a good many engaged in the industry in all parts of the world must be familiar with what has taken place if I am to judge by the large sale my books have had in countries abroad—will be aware of the great conflict of opinion that has existed since the war on the question of establishing an effective control of the whole industry for the purpose of keeping supplies of yarn and cloth in line with demand and preventing losses by excessive competition. The executive Committee of the English Master Cotton Spinners' Federation have all along strenuously opposed control of any kind, while I, as Chairman of the Provisional Emergency Cotton Committee, the unofficial body which has been sitting during the past

four years "for the purpose of taking into consideration the disastrous position of the cotton trade and the means to be employed to effect a remedy," have supported the principle to the utmost. I was so impressed with the success that attended the efforts of the Cotton Control Board during war-time when transport difficulties had brought about the necessity of rationing our short supply of cotton, that I was, and am still, convinced that no other scheme could be half so efficacious to deal with the troubles with which we have been beset since the slump began, and I still hope that we shall yet all see the wisdom of dealing with the trade comprehensively rather than upon lines that are aimless, haphazard, and selfishly individualistic.

The Cotton Control Board alluded to was established to deal fairly with the distribution of cotton so as to minimise losses in the mills, and was administered by practical men, representative of Capital and Labour, who had the support of the Government to make their edicts effective. As a result of the Board's admirable methods, order emerged out of chaos, justice was done all round, and the industry that had been losing money heavily before the Control Board came into existence, soon began to be prosperous again. Yet, with such a record as this to commend it, the proposal to set up a Board on similar lines to deal with the difficulties we have had during the past few years has been looked at askance, one objection being that the circumstances were in no way comparable, and another that Government control of industries during war-time had

been on the whole both irksome and unsuccessful. It was of no avail to remind these people that in the case of the cotton trade it was the industry and not the Government that did the controlling, the Government simply standing behind the Board to ensure that recommendations were carried out. Those I refer to would not listen to any suggestion of interference with their rule-of-thumb methods, although they saw, as all saw, that ruin threatened spinners and manufacturers if their obstinate and reckless courses were persisted in.

The Master Cotton Spinners' Federation, forced into activity by the demands made on every side, could suggest nothing but a reduction in hours of working, a crude proposal which made no provision for operatives who would be thrown out of employment, (which was one of the features of the old Cotton Control Board) and which had not behind it the necessary data as to production, consumption and stocks upon which a proper estimate of the requirements of the industry could be based. The result of the short-time recommendation made, therefore, was, as can be easily imagined, an utter failure, and subsequent recommendations, being based on nothing more than guesswork, made confusion worse confounded. The Federation executive threw the blame on the disloyalty of the members in refusing to carry out the recommendations, which were doubly doomed to failure owing to the circumstance that they took no cognisance of the fact that it was impossible to set up any one regulation as to hours which would be acceptable to the various

sections of the spinning industry—acceptable to those who were busy and working at a profit and those who were without orders and incurring losses.

The control scheme that I proposed would have brought the representatives of employers and operatives together round the same table, would have dealt with the trade in well-defined sections, such as coarse, medium, fine and ring spinning; and, for agreeing to withdraw labour in cases where necessary to enforce the Control Board orders, unemployed operatives would have received compensation. This would only be fair, seeing that it would be for the benefit of the whole trade that the operatives were unemployed. Every recommendation, also, would have been based on full and reliable statistics, and consequently could not fail to be effective.

The Control campaign has, I regret to say, not yet materialised in England, but other countries have been quick to see the advantages of such a scheme and in some instances have put the proposals into operation with all speed. Some time ago I received a letter from M. le Comte Jean de Hemptinne, head of the Belgian Cotton Spinning Association, saying how deeply he was impressed by the proposals of the Provisional Emergency Cotton Committee for dealing with the grave crisis in the English cotton industry, and adding that he had succeeded in establishing, with complete success, Control in the Belgian cotton spinning industry on similar lines. The American Southern Yarn Spinners' Association have followed our suggestions, particularly as regards the collection of statistics, with the happiest results, and

I have reason to believe that much, if not all, of the success which the Japanese cotton industry is meeting is due to a Control system they adopted some time ago, and which extends not only to the production of cotton goods but also to the buying of the cotton and the shipping of the raw material from other countries. When one sees other countries so keenly alive to their interests, it is extremely disappointing to have to record that England herself is so reluctant to put into operation a scheme which would undoubtedly be the salvation of her cotton industry.

While dealing with the question of Control for the sections spinning and manufacturing American cotton—and these are the only two sections from the grower to the retailer that have not adopted means of securing to themselves a proper return for their labour—I should like to say that the scheme in my mind is by no means limited to the keeping of supplies of yarn and cloth in line with demand and the prevention of losses by suicidal competition. A Control Board such as I envisage would have to take a much wider view of its responsibilities than would an organisation aiming merely at a scientific restriction of output. Some of its duties, indeed, would appear to trespass upon the territory of a body such as the International Cotton Federation, but in reality it would be a valuable adjunct and co-helper. An important part of its work would be to watch for and anticipate anything of an international character which might have either a baneful or a beneficent effect on the industry, to find a better system of drawing up contracts both at home and abroad, to

examine the advisability of shortening credits, to consider the question of making unemployment a charge on industry instead of allowing it to be, as at present, a costly State insurance matter; to encourage in every way methods of increasing the supply of cotton, and, in short, to study all problems as they come in sight and not allow opportunities to escape or difficulties to accumulate. And beyond and above all, perhaps, it would be expected to do something really useful in checking the cotton gambler.

My first article to the *Revue Economique Internationale* in 1904, which had an important influence in the campaign which led to the formation of the International Federation of Master Cotton Spinners' and Manufacturers' Associations, was a plea for united action in order to frustrate the activities of the cotton gambler and the cotton "cornerer," and I am glad to see that this object is still kept in the foreground of international effort, although, perhaps, the official body itself has not put forth anything very practical for their suppression. That the seed did not fall on barren ground, however, is evidenced by the attacks which are made from time to time in the Press and elsewhere whenever it is suspected that the outside speculator is forcing up the price of the raw material to the detriment of the industry, and now and again the protests come from quite unexpected quarters. It was gratifying, for instance, to see some time ago how warmly one of the English operatives' organisations resented the interference of those who, having no interest in cotton either on the merchanting or manufacturing side,

manipulated prices of the raw material to the manifest disadvantage of those whose livelihood depended upon cotton being kept at a reasonable level of cost; and more recently India has taken a determined stand against this pernicious form of cotton dealing.

While the English cotton industry has expressed itself strongly in this matter over and over again, and New York and New Orleans, which are the chief offenders, have always been apathetic when reform has been proposed, the Bengal Chamber of Commerce has gone so far as to recommend to the Indian Legislature that every cotton contract entered into shall be enforceable at law, and that those transactions in which delivery was not given, taken, or contemplated should be prohibited or rendered null and void.

Such legislation as is proposed in India would, I take it, not affect dealings in "futures" by those legitimately engaged in the trade. It is difficult to see how we could get along without a "futures" market in an industry as huge as cotton, although one is aware that the woollen trade does not find it necessary to do its business on these lines. Few Lancashire cotton mills could afford to put down cash for the great quantities of cotton they consume, but it would be all to the good if it could be arranged that such "futures" dealings as do take place should be represented by actual cotton in the warehouse.

It is not clear what method the Bengal Chamber propose to adopt to prohibit unauthorised transactions in cotton, but a good and simple suggestion was made in Lancashire some time ago to the effect

that a high-priced stamp should be affixed to every cotton contract, the amount it represented being returnable when the cotton was taken up, and forfeited when it was found that the transaction was a pure gamble. The fact that an appreciable amount of money had to be deposited every time a cotton broker was engaged to buy would, no doubt, act as a wholesome deterrent to those who were in the game simply to snatch "differences."

As showing what a great and beneficent service to mankind would result by the elimination of the cotton gambler, I need only mention that when medium quality American cotton was run up to over eighteen pence a pound about two years ago, a well-known New York commercial journal made the admission that quite 50 per cent of the rise was due to gambling, and that the grower of the raw material had but a small share in the enhanced price. This is borne out by the statement of Mr. R. O. Fleming, the Commissioner of Works in Alabama, that 90 per cent of all the cotton raised in America during the past half century had been sold in the first instance for not more than six to twelve cents a pound; and also by another computation that for every bale of actual cotton grown 27 bales are gambled with in New York, New Orleans and Liverpool. By such figures as these we are brought to a vivid conception of our difficulties, and it behoves us to work determinedly and on international lines to find means of countering this terrible drawback to the welfare of the cotton industry.

One of the most effective ways of frustrating the

cotton gambler, I have for long years contended, is to form a reserve of cotton, as I first suggested at the Atlanta Cotton Conference in 1907. Not only would a reserve steady prices and be an insurance against years of partial failure of the crop, but the fact that there existed a quantity of cotton ready to be thrown upon the market whenever it was found that wild speculation was running up prices, would make the gambler hesitate before he entered into his irresponsible dealings, while such a thing as making a "corner" in the raw material would be impossible.

The present time, when through shortness of demand for cotton goods we have a larger surplus of the raw material than we have had for years past, would not, I submit, be an inopportune one to revive a question of such international importance as the establishing of a cotton reserve. We shall, without doubt, want all the cotton it is possible to get, probably at no very distant date, and it would be but common prudence to husband such resources as we have to-day. We must not assume that the cotton trade is to remain in its present depressed state, or that America will always be able to spare from her home-grown crops all the cotton we shall require. While the Southern States of America may at the moment feel that they have produced too much cotton, there may before long spring up a demand which will tax the resources of both planter and manufacturer to the utmost. When we get back to the normal—and there is no doubt that the markets of the world are getting extremely bare of goods—the production of all the cotton fields in the world

will not be more than the trade will be able to absorb, or the wearers of cotton goods to consume. We have but to remember that, despite the war's toll of humanity, the populations of the world continue to increase, and especially in those lands which are beyond all others the recognised cotton-wearing countries of the world. In India, China and Japan alone, it is calculated that there are now 900,000,000 people.

Cotton, far from being played out, will be in greater demand than ever in years to come, and would be in far greater demand to-day if longer views were taken and a less selfish industrial policy were adopted by those whose business it is to clothe the great populations of the world.

During the past 40 years I have put forth unceasing efforts for the promotion of industrial harmony, and in connexion with the International Cotton Federation, established in 1904, and the International Institute of Agriculture, founded the following year, I have, with equal energy, worked for the promotion of International amity. These two international organisations have, during the past 20 years, given an example to the world of the utmost friendliness. They have shown that the nations of the world are absolutely interdependent, and that without this friendly co-operation the provision of the necessaries of life, food and clothing, cannot be assured.

The political jealousies that have unfortunately entered into the controversies regarding the constitution of the League of Nations have, one regrets

to see, interfered very seriously with the progress of its beneficent work for ensuring the peace of the world.

So far I have dealt with our greatest manufacturing and exporting industry, but in closing I would like to refer to the present serious industrial situation. With my long experience I consider it impossible for a general strike, such as we have recently passed through, apart from its illegality, to be successful. Most staple industries are international, and conditions of working and wages will, in the future, have to be equalised so far as this is possible, taking into consideration the differing circumstances that obtain in the various countries where these industries are carried on; but there should be no exploiting of the workers either as regards hours of working or wages, these being the principal causes of unfair competition. So far as English industry is concerned, I have always been in favour of shortening hours and raising wages wherever possible, and I regret that even as a temporary measure it should be considered necessary to increase the legalised working hours in British coal mines.

We should, as far as possible, move in step internationally in the matter of bettering the conditions of the workpeople, and in this connexion I should like to call special attention to the success which has attended the efforts made by our largest manufacturing industry, cotton.

Matters such as these can only be dealt with by men versed in the various industries. A body with

the necessary knowledge, equally representative of Capital and Labour was appointed by the British Government in 1911 but has not been used either before the war or since, as it ought to have been. In season and out of season I have maintained that lack of co-operation has been largely responsible for the mismanagement of our industrial affairs. The coal trade, like the cotton trade, has suffered from over-production. It is not generally realised that there are hundreds of thousands of miners who cannot get employment owing to the development of electricity, oil fuel, etc., and this number is certain to be increased by the closing down of uneconomic pits. Finding other occupation for these men either by emigration or otherwise has not, in my opinion, received the consideration its importance demands. A similar state of things exists in all coal-producing countries, and is the pressing problem that has to be faced, together with an equalisation of the hours of labour and rates of wages in all the countries of the world.

I give these opinions after having had many years' practical experience in industrial matters both nationally and internationally.

[Note by the Editor of the *Revue Economic Internationale* :—Without doubt, many of our readers will remember Sir Charles Macara's forcible articles which appeared in this journal in April 1904, June 1920, and February 1921. Sir Charles was the first President of the International Cotton Federa-

tion, the head of the powerful English cotton industry, and one of those who worked the most earnestly and unwearyingly for the establishment of international co-operation among the master cotton spinners and manufacturers of the world.

Since he wrote his article in our February 1921 number, the crisis in the English cotton industry has not abated. Can this be attributed to the general economic conditions existing in England? Partly, perhaps. But Sir Charles does not believe that this is the sole cause. Absence of effective organisation, the want of exact, as well as complete, statistics are among the causes of depression.

The remedies? Those which he suggested 22 years ago, and the efficacy of which he demonstrated with so much power after the Armistice. He restates the importance of the international co-operation of cotton spinners and the formation of a reserve of cotton, as the only means of checking and reducing speculation.]

THE COTTON TRADE AND ITS PROBLEMS.*

Some Popular Misconceptions.

In an article I wrote for the Empire Number of *The Illustrated London News* twelve months ago, I endeavoured to show the readers of this widely-circulated journal what an important position the cotton trade of England holds both in this country and in the world at large, and to point out some of the difficulties which were hindering and hampering the trade in its efforts to shake off the war incubus and get back to a normal state of working. In particular I dealt with the necessity for an adequate and regular supply of raw material, and the need for better organisation in the industry, and I should now like to touch upon a few other matters which I am sure are but imperfectly understood by the ordinary newspaper reader.

First of all, I should like to put the reader right upon one or two matters which must be exceedingly puzzling to him if he has no direct interest in the textile industry. There is one thing especially which must be a problem to him. It has reference to the actual state of the cotton trade. One day he will read that good profits have been made, and the

* Written for *The Illustrated London News.*

next that huge losses have been incurred, and naturally he will be totally at a loss to reconcile the two statements. What he does not know, of course, is that the trade is divided into two great sections, the one which principally spins the fine Egyptian cotton, and the other which spins the good but coarser cotton chiefly grown in the Southern States of America.

The fine trade is about a third of the whole, and it is this trade, curiously enough, which has been the most prosperous ever since the war. It would at the first glance be thought that the cheaper medium and coarse yarns would have a greater attraction for the consumer at a time when the world is in an impoverished state, but it should be explained that the fine goods trade is very largely one which caters for the better circumstanced people at home, on the Continent of Europe, and in America; while the medium and coarser yarn spun in Oldham and other centres, and woven into cloth in Blackburn, Burnley and other North-East Lancashire towns chiefly, are those upon which we have built up our enormous export trade in countries like India, China and Japan, which contain half the population of the world and where there has been great difficulty of late in paying the price demanded for textiles of all kinds.

Speaking generally, therefore, we may say that the fine spinners have done well until recently, as have the combines for bleaching, dyeing, finishing and packing the goods, and it is the return of these concerns coupled with the profits made by firms

engaged in the home trade which convey the impression to outsiders that the trade is in a prosperous state. It is, however in the great medium section spinning American cotton, the section which represents two-thirds of the trade, where the trouble has been for the past five years, and it is the causes which have brought about this trouble, involving losses running into hundreds of millions of pounds sterling and preventing the necessary expenditure in repairs and renewals which in ordinary circumstances would have been effected, that I wish to refer to in this article.

To the casual observer it would appear perhaps that the vagaries of feminine fashion had a great deal to do with it. One is not denying that if the quantity of material required for a woman's dress is nowadays not more than about half what it used to be, it must have made a difference to the demand upon the producers of textile goods, but the cotton trade in this matter is not so much affected as the trade in worsted and other dress materials manufactured in Yorkshire and elsewhere, and moreover, the change in fashion does not to any great extent affect those countries upon which the cotton industry relies for the taking of the great bulk of its exports. The home trade, after all, does not take more than about one-fifth of the cloth produced in the cotton mills, and were it a question of English trade we should have little to complain about, for the business at home has all along been fairly satisfactory. We see from time to time well-meaning people giving a "cotton ball" at which cotton dresses are to be worn

by the dancers, or one town or another arranging to have a "cotton week" in the shops in the hope of improving trade, but these efforts are of little avail for this purpose, the cotton trade having to rely upon tropical or sub-tropical countries to keep the majority of its operatives in employment. The home trade, large as it may seem to those who see the stocks in some of our great drapery stores, is a small matter compared with the normal overseas trade in which England is engaged. For every hundred yards of cotton cloth taken in England there are millions of yards taken by the enormous populations of tropical countries where cotton cloth is practically the only fabric that is worn.

Fashion therefore can be ruled out in so far as it affects the lands to which the overwhelming quantity of our cotton exports go, and we shall have to look in other directions for the source of our trouble. Many there are who are convinced that the root of the matter lies in the price of the finished goods, but in view of the great reductions made in the prices of yarn and cloth, in the last twelve months especially, and the fact that our customers abroad have to a certain extent regained their purchasing power after a succession of bountiful harvests, one is inclined to discount this contention, also, even though cotton goods are still one hundred per cent above pre-war prices.

It is quite true that the people of the Far East were badly hit during the war owing to European countries being unable to take the usual quantities of tea, cotton, jute and other crops which

were raised in India and elsewhere, but when communications were opened again the position improved rapidly, and now it can scarcely be said that oriental countries are not in a position to trade, although possibly the poorest of the natives cannot yet buy anything like pre-war quantity. It would be much nearer the mark to say that business has been held up in many of the Far Eastern countries in consequence of the losses incurred by buying materials during the boom period and for which unnecessarily high prices were paid owing to over-eagerness to obtain goods. Some of the merchants abroad dealt with the business proposition with which they were faced in a business-like way, others either cancelled contracts or defaulted in payment. It might have been said two years ago that prices were prohibitive, but since then there have been, fortunately, crops of cotton large enough to bring down the price of the raw material very considerably, and the price of yarn has fallen even more sharply. Cotton cloth is approximately twenty per cent cheaper than it was eighteen months ago, but as I have already stated it is still a hundred per cent over pre-war prices, and business does not come forward as it ought to do.

One is aware, of course, of the improvement in the Board of Trade returns of cotton goods exported. We actually exported last year 4,433,745,300 square yards of cotton piece goods, making the second largest shipments since the boom year of 1920. But these figures, though enormous, are a long way short of the figures of 1913, and it is questionable

whether this increase in demand might not have been much greater but for the over-cautious policy that has been pursued owing to the want of confidence in spinners' prices. This indeed is the key to the whole situation. These circumstances explain the present position as regards the greatly reduced volume of trade, and the competition in England for this trade accounts for the losses that have been made.

It should be further explained how the cotton mills are financed. A policy different from that in any other industry is pursued. Instead of raising capital on paid-up shares, the majority of cotton mill companies rely largely on loan money for the wherewithal to run their businesses, the share capital often being but a small part of the whole and only partly paid up. It is a system which may work advantageously in prosperous times, but as the experience of the past half-dozen years has shown, very unsatisfactorily when business is unprofitable. Loanholders, composed largely of thrifty working people, are apt to take fright quickly when trade is not good, and to withdraw their money, which as a rule is repayable at call. It will be readily seen how great a harassment this can be to the management of the mills so financed.

This trouble might have been greatly reduced if the trade had worked in unity and allowed a central body comprising employers and operatives' leaders to control its affairs. Steps could have been taken to stop losses, at all events, even if there

had been no money available during the time of slump for the payment of dividends to shareholders. The supply of yarn would have been cut down to the bare demand, and it would have been done scientifically and effectively. But instead of co-operation on these lines the employers' organisation has fought strenuously for the maintenance of an individualistic policy, talking of brooking no interference from anyone in the matter of running their own concerns. It is astonishing to hear people talk in this manner when control of one kind or another is one of the great principles of civilisation. Legal rules and social restrictions meet us everywhere; why then should there be such antagonism to a method which means the effective regulation and well-being of a trade so peculiarly circumstanced as that of cotton?

The cotton trade is like no other in the country. It is in the extraordinary position of having to draw the whole of its supplies of raw material from equatorial or sub-tropical countries, and after the processes of manufacture have been gone through to ship the bulk of the finished goods to countries lying in the same latitudes, often indeed to the lands from which the raw material has been procured, and yet it is argued that there is no necessity for a body to deal with adverse contingences which might call at any moment for the regulation of supply to demand. We have continued our production irrespective of whatever may be happening in one or other of these cotton-consuming countries to reduce demand, and subsequently have thrown our

goods upon the market for whatever they might realise. If we do make an effort to adjust supply to demand it should be on lines which would so far as possible secure a solution of our difficulties rather than on those which waste valuable time and entail enormous losses in the process. Therefore, as I have said so often, we must not only have effective control of the industry, but we must have control based upon full statistics and every available piece of information.

It is necessary that one should keep touch with one or two other matters which must be very perplexing to the reader of many of the articles written on cotton affairs, and especially is it necessary to mention the erroneous statements dealing with the matter of foreign competition. The writers of these articles seem to overlook the fact that England possesses one third of the cotton machinery of the world, ignoring the international statistics which have been available for twenty years showing the impossibility of these countries to supply their own requirements. Further the machinery in these foreign countries has cost fifty to one hundred per cent more than in England. Many people imagine that the prosperity of the cotton trade depends upon the quantity of raw cotton consumed, whereas this factor is no guide whatever as to the extent and value of the industry in any country. In Lancashire we put skill rather than great quantities of cotton into our productions. We use a much less weight of cotton per spindle than most other countries for the simple reason that we spin finer yarns, which

are more valuable, and on which higher wages are paid than on the coarser yarns. It is impossible to judge of the importance of the cotton industry by the number of bales consumed. We must know something of the class and amount of machinery installed, the number of workers employed, the rates of wages paid, and the quality and value of the goods produced before we can make comparisons. We merely state a fact when we say there are no people in the world who can spin cotton of such quality and fineness as the English, and it is this advantage which keeps us ahead of all our rivals. The other cotton-manufacturing countries may become more skilful as the years pass, but none is likely to get abreast of England for the simple reason that we have the ideal climate for this kind of work, and the benefit of the inherited skill of generations of men and women for this class of textile production.

America with all her energy and enterprise has, for instance, to admit her inferiority in the production of cotton goods of the finest class. We continue to supply her with voiles, poplins and other superfine products, despite every attempt that has been made to break down our trade with heavy tariff burdens. Some time ago the American manufacturers went to their Government and asked for an increase in the tariffs put upon English goods, but they were quickly told that their appeal was unavailing seeing that they could not make goods of the quality that were being sent from England. The goods imported did not enter into competition

with their own, and to raise the tariff would be penalising American citizens still further.

In circumstances such as these, it is deeply to be regretted that we cannot adopt means for keeping such a spendid industry as ours in a state of administrative efficiency. We need not fear Italy, Japan, or any other country on the productive side; all we are wanting is a little common-sense infused into our methods of organisation. Everyone feels that a big business would come forward if spinners could be got so to regulate supply to demand that this would ensure profitable prices for their goods. The greatest needs at the moment are stability and confidence, which would at once stop the losses which we are incurring, and it is only the competition of English spinners among themselves that keeps a much larger trade from materialising. The world never was so bare of cotton goods as at the present moment, and I am convinced that it is not a question of being unable to purchase so much as a lack of confidence in prices that is keeping buyers from placing very much larger orders.

A charge was recently made by an Indian official that Lancashire was bolstering up prices by short-time working, but the real complaint is that losses are being made owing to an over-eagerness to run more hours than the demand justifies. We had a striking instance of how demand can be stimulated by the action taken in the rubber industry, which was undoubtedly being ruined by over-production. The rubber companies, it will be remembered, began by cutting down output by one half, and

continued that scale until buyers paid a profitable price. It is interesting to note that from the moment the output was restricted rubber began to improve, and now it is selling at four times its original price and there is more business being done than ever, proposals indeed having been made to go on full-output. Rubber, we know, is not a commodity that can be compared with cotton, but at all events the subsidiary industries in the cotton trade have been very successful when run on similar lines.

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This is a matter that can only be dealt with by men versed in the various industries,. A body with the necessary knowledge, equally representative of both Capital and Labour was appointed by the Government in 1911 but has not been used before the war or since as it ought to have been. In season

and out of season I have maintained that lack of co-operation has been largely responsible for the mismanagement of our industrial affairs. The coal trade, like the cotton trade, has suffered from over-production. It is not generally realised that there are hundreds of thousands of miners who cannot get employment owing to the development of electricity, oil fuel, etc., and this number is certain to be increased by the closing down of uneconomic pits. Finding other occupation for these men either by emigration or otherwise has not, in my opinion, received the consideration it demands. A similar state of things exists in all coal-producing countries, and is the problem that has to be faced, together with an equalisation of the hours of labour and rates of wages in all the countries of the world.

I have given these opinions after having had forty years' practical experience in industrial matters both nationally and internationally.

*These paragraphs were also included in the article written for the *Revue Economique Internationale* Published in French.

THE "DOWN AND OUT" CANARD.*

Facts that Speak Volumes for British Efficiency.

Vigorously and convincingly in the following article, despite his 81 years, the great cotton trade leader, Sir Charles Macara, Bart., refutes the idea that industrially and commercially Great Britain is in a decline. With his unrivalled knowledge of our greatest export industry and of British Trade as a whole, Sir Charles Macara's conclusions are of the utmost weight. (*Empire Mail Editorial Note.*)

The recent statement of Mr. George Harvey, former United States Ambassador in London, has, to my mind, already done much good in England for it has shown everybody the folly of indulging in self-depreciation. When people in any sort of a position of authority or influence begin to talk, especially on trade matters, they would do well to remember that all the world is listening, and that what is simply meant to be the airing of a few family grievances may, if cabled a few thousand miles, assume all the importance of edicts and national pronouncements. The Englishman's

* Reprinted from *"The Empire Mail"* (Birmingham Special Number), February, 1926.

tendency to "grouse" is not appreciated abroad. People on the other side of the world do not understand that our self-recriminations and squabbles are simply what the Irishman calls "private fights", and are not intended as luxuries in which outsiders can take part.

When the ex-Kaiser read of "scenes" in the British Parliament and hints of civil war in Ireland he jumped to the conclusion that Great Britain was in a state of hopeless chaos and disruption, and that the time was ripe for launching a great and devastating war. He was persuaded that we were on the point of a rebellion, that we had lost all our old stamina and unity of action, and that his task would be easy, by striking at us through Ireland, to bring us to chaos and defeat. The ex-Kaiser has lived to regret his impetuosity, just as other people will make a sad mistake if they conclude that England, because she has temporarily been hard hit owing to her commitments in the war, has neither the will nor the power to lift herself again into her old position of industrial and commercial supremacy.

What European country, one would like to know, is so rapidly regaining her pre-war prestige and position as England, despite the fact that she is at present sustaining the burdens of half a dozen countries besides her own? And what country is taking from us the trade which was essentially English before the war? No one has the temerity to say that we are being beaten in quality; all that is suggested is that we are being under-cut in price

in a few instances. Let me say this—and it applies to all trades—that, quality for quality, we are being beaten in no country on the face of the earth, and that where other countries have managed to get goods taken in markets that were regarded as our own, those goods are not to be compared in quality, and are being taken as a mere make-shift until either our old customers can come to our prices or we can get down to theirs.

Two instances will suffice. We have been told *ad nauseam* that Italy and Japan, but Italy especially, were "making inroads into our markets," and that Italy was doing so because she had the advantage of us both in price and quality. A Manchester merchant, writing recently in the *Manchester Guardian*, said :—

> I should like to add to the most valuable piece of information given by your Milan correspondent in your commercial issue of last week, on the so-called Italian competition, that a few months ago a considerable volume of business was booked in Manchester instead of in Italy on certain Italian qualities, which were poor imitations of Lancashire's finer qualities. It is not true to say that Lancashire is picking up the trade left by her foreign competitors; the boot is on the other leg.

Nor would Italy be able to get any of this foreign trade at all if she were not eating into her capital, in order to undersell in these markets. It has been

put on record by Dr. Mylius, the President of the Italian Cotton Spinners' Association, that the spinners and manufacturers of his country are working on a pre-war costing scale, and are making no provision for the replacement of machinery.

Moreover, Italy, when all is said and done, has but a very small percentage of the world's spindles —not enough, indeed, to supply the whole of her home wants—and if she were in a position to sell abroad all she manufactures, the total would not make a great deal of difference to the world's supplies. As to Japan, it is a well known fact that such increase of exports into India as she has been able to secure, with her comparatively few spindles, was gained at a time when we were engaged in war and were unable to supply India's needs, and that such stuff as she is making is of but poor quality and enters more into competition with Indian-made goods than with goods made in Lancashire. These things, of course, are not understood by the ordinary newspaper reader who, on seeing that Japan has increased her exports of cotton goods, jumps to the conclusion that she has thereby done Lancashire an irreparable injury.

The other instance concerns the British iron trade, which is evidently well able to take care of itself, judged by the following paragraph which appears at the time of writing :—

> The Buenos Ayres and Pacific Railway Company, Limited, have placed a contract with

British manufacturers for 44,000 tons of steel rails. British rails, according to the results of impartial tests made recently, are the most durable in the world, and American the poorest.

Owing to our financial and other burdens at the moment we may be handicapped on the selling side, but quality is bound to tell in the end, and Britain stands for quality first, last, and all the time. Many countries thought they saw a unique opportunity of snatching our trade when we had our hands tied behind us in war-time, but now that we are free again they are dropping back in the race in every part of the world. From Spain, from South Africa and other countries come accounts of disillusioned customers who were persuaded to take up foreign goods when we were unable to give deliveries; while in India the people are longing for the time when they will be able to substitute reliable Manchester goods for the inferior imitations which foreigners have put upon the market.

But one doubts, after all, whether it is worth while allowing ourselves to be disturbed by the crude statements of envious people, either in America or elsewhere. Evidently the solid, sensible people in America are not influenced by statements that we are "down and out", judging by a series of articles appearing in the *Sunday Times* from the able pen of Mr. Alfred Noyes, an Englishman who toured the States from end to end while Professor of Modern English Literature at Princeton University for nearly ten years. The American

chairman at one of Mr. Noyes' lectures in Illinois a few weeks ago, spoke thus of England:—

> "That puissant and ancient nation which has discovered the secret of eternal youth; a nation that keeps fit, that plays the game, that loves fair play, that stands by its friends, great or little, in their hour of need; that speaks its mind frankly and sometimes bluntly, that fights doggedly, but when the fight is over shakes hands; nurses no mean grudges and lets bygones be bygones; a nation that in climbing the hard path of duty stumbles into the way of glory; that after nearly a thousand years finishes what Richard Lion-Heart began by romantically liberating the Holy Land; and yet an honourably prosaic nation, whose word is as good as its bond, and that pays its debts for the unromantic reason that it contracted them. The Middle West, whatever evil-wishers may insinuate, respects England, trusts England, and wishes England well."

I think we may leave it at that, despite the fulminations of Mr. George Harvey and his friends.

SCHEMES TO IMPROVE THE COTTON TRADE.*

Where and Why they Fail.

In response to the request of the Editor of the *Textile Mercury* that I should review some of the schemes which are now being ventilated for the improvement of the cotton industry, I wish to say that, although I have nothing to do with their inception, I welcome them as being evidences of a strong desire to do something to lift our greatest manufacturing and exporting industry out of the terrible position into which it has been allowed to drift.

The crowded meeting on the evening of the 22nd instant at the Empire Theatre, Oldham, the largest building in the town, shows that those who have either money or labour at stake will not any longer be baulked of their purpose, and are prepared to force the issue to a successful end. Two years ago at the mass meeting held in the same building, it was thought that the problem would be solved immediately, but leaders both of employers and operatives have failed, and now, apparently, a real attempt will have to be made to put the trade on its feet and stop the present very serious losses. Every spinning company will feel the weight of

* Written for the "*Textile Mercury*", April 26th, 1926.

the displeasure of that vast audience, and Labour leaders, also, will not be allowed much longer to sit on the fence where operatives' interests are so vitally concerned.

Speaking generally, what strikes one most about the various schemes put forward is that their promoters in the majority of cases begin by putting the cart before the horse, that is to say, they do not aim at the first essential, which is, that before you can do anything really useful you must arm yourself with reliable data upon which to work. This is ignored on every hand, yet without this data no scheme can possibly hope for success. The continued failure of the Master Cotton Spinners' Federation to do something useful, for instance, is based largely upon its incurable objection to get at the facts. It experiments, but is sure of nothing. Take what it is doing at the moment in the matter of short-time recommendatons. Instead of first obtaining full and reliable figures of production, consumption and stocks, so that it may state with certainty what it is necessary to do, one finds it running hither and thither with no settled purpose, and the result is the utmost chaos and futility. During the past few weeks only, the Federation has recommended that all mills should shut down for a full week, and yet it was only three weeks ago that it increased the working hours in the American spinning section from $30\frac{1}{2}$ to 35 per week.

The Federation has for years made these haphazard guesses despite the fact that the larger organisation, the International Federation of Master

Cotton Spinners and Manufacturers' Associations, sets it such an excellent example in the matter of collecting statistics. When the question is brought to its notice, it complains that its members place obstacles in the way, and yet the International Federation has for 20 years past found means of obtaining figures of machinery and stocks from places in the remotest corners of the earth.

The schemes for selling associations, basic prices, and so forth, are doomed from the start, for the reason that no attempts are being made to get the exact information necessary for putting the proposals into concrete form.

Again, it is becoming plainer and plainer every day that some form of compulsion is absolutely necessary if everybody is to be brought into line and the trade saved. Yet, we continue to study objections to this method and pay no heed to the fact that our capital is draining away like water down a ditch. We are long past the time when we can afford to take notice of personal predilections, and the employers' organisation, which is elected and paid to find remedies, should rule in fact as well as in name. As at present constituted, the Federation is a rope of sand, and instead of seeking power to enforce its edicts, spends its time in making excuses.

It sees good in no scheme that is put forward, but turns down all, being concerned, apparently, in finding "snags" rather than remedies in the proposals made for helping trade. It makes much of the disadvantages under which we labour as

compared with the foreigner, but omits altogether to say how many counter advantages we have. It makes much, for instance, of longer hours and low pay in mills abroad, but says nothing of the extra skill and capacity of our own operatives; it takes no heed of the steps that are being taken by the international organisation of textile workers to equalise hours of labour and wages, by whose efforts considerable success has been obtained already; and it parades the drawbacks of re-capitalisation at home, but forgets to mention that this is nullified by people abroad having to pay double for their machinery.

Much is made of "foreign competition," but my contention is that the only competition we have to fear is that which we have amongst ourselves for the greatly reduced volume of business with which we have to deal, a circumstance brought about largely by the mishandling of the raw material at the outbreak of war, and for which the Masters' Federation and the Government were equally to blame.

We got into difficulties in war time owing to a want of proper control of the industry, and that control, as I pointed out in the letter I wrote to the Chairman of the Oldham Mass Meeting, is just as necessary to-day. To obtain it, we require the co-operation of the operatives, who, I regret to say, have not yet been able to see where their real interests lie. For four years the Provisional Emergency Cotton Committee has extended the hand of friendliness and helpfulness, and for four

years the operatives have been prevented from grasping it.

I have no hope for any industry to-day that is not organised on the lines of co-operation between Capital and Labour, but I am afraid that both sides are still a long way from realising the advantages they would gain by this harmonious relationship. Certainly the operatives in the cotton trade have been very badly led hitherto by a few of their officials, while the employers have been encouraged in their reactionary attitude by the leaders of the Master Spinners' Federation. The astounding thing is that these bodies will listen to no advice, whatever weight of experience there may be behind it.

The rank and file, in my opinion, are more advanced in these matters than their leaders, and I do not despair that they will yet make their wishes felt in this matter of industrial unity. Once this ideal is achieved, we shall never look behind, for we shall open up an era of prosperity never dreamt of by those who are now in control of the industry both on the side of Capital and that of Labour.

Never in the history of the industry have those who have risen from the ranks of Labour had more power than they have to-day, nor apparently less consideration for the class from which they sprang.

COTTON TRADE TROUBLES.*

How We have Drifted into our Present Position,

And How We Can Emerge from it.

In taking a general survey of the possibilities for trade in 1926, one is led to hope that we shall encounter somewhat better conditions than for several years past, but whether we shall profit by them depends, of course, upon the vision and common-sense of our politicians and those who are entrusted with the conduct of our great industries. Naturally, as we are getting farther away from the war we may expect things to become more settled, and a succession of good harvests all over the world, coupled with more favourable exchanges, has done a great deal to build up that which was so ruthlessly destroyed during the period of hostilities. The efforts of politicians in one direction at all events, have been beneficial. The settlements at Locarno and in Ireland cannot but be helpful in establishing those conditions upon which prosperity in trade depends—if they are but attended by national economies, reduced taxation and a sane policy with regard to fiscal

*Article written by request of the Editor for the January (1926) number of "System"

affairs. It is doubtful, however, whether the Government is showing anything like the enterprise which should be shown in getting rid of useless war-time encumbrances, and in my opinion Mr. Baldwin is making a grave blunder in introducing so many schemes savouring of Protection. Trade is hampered rather than assisted by the so-called "safeguards" which are creeping in, while the advantage to the State financially of the various duties imposed is trifling.

Freedom of trade, retrenchment in every direction and disarmament are what the post-war world calls for, and in those directions lie our hopes for reducing many of our burdens and obtaining the means of bringing about that lowering of our production costs which is universally acknowledged as one of the great stumbling blocks to trade expansion. What we should work for especially is Free Trade within the British Empire, following the example set us by the United States of America, which, within its area of 3,000,000 square miles and with its population of 110,000,000, permits no inter-state barriers to trade.

In connexion with the high national charges with which we are saddled one may be allowed to point a moral from the French situation, unsatisfactory as that is in so many respects. France may or may not be paying all the taxes she ought to pay, but she no doubt justifies her fierce opposition to present taxation proposals by

her contention that the money now sought to be raised could easily be saved if the country would modify its military policy.

The writer of the article on business conditions which appears in the December number of "System" takes what I may term the "machine-shop" view of his subject, and states that the lesson for 1926 is "Greater volume through increased production, lowered costs, harder selling and wider distribution." These may be laudable aims for the making and selling of bicycles, but such an industry as that of cotton, which heads the list of our manufactured exports and affects in its prosperity or depression almost every other industry in the country, demands other remedies. We shall still be ineffectual if we are not backed by efficient national and international policies. It is of little use to be saving pence here and there if pounds are going for the upkeep of useless departments, for wasteful doles and for many other purposes for which in peace time there is no use. It is in these matters that the country needs a great overhauling, in order that the strangle-grip of taxation may be loosened, and an opportunity given to trade to breathe more freely again.

Just recently Mr. Geoffrey Drage, in putting forward a scheme for consolidating the Poor Law administration of the Metropolis, gave particulars of the various forms of relief that can be obtained from different authorities. From babyhood to old age he enumerated no fewer than

fourteen different forms of public relief, with all the abuse and wasteful overlapping which must naturally accompany them. Think, for instance, what would be gained if unemployment insurance were made a matter of strict business conducted by employers and trade unions, instead of being a semi-charity run by State officials. Nowadays, indeed, everything seems to be done to encourage unemployment rather than to decrease it.

In the cotton industry, with which I am conversant, we could do wonders in this matter of reforming unemployment insurance, as we could in so many other ways if employers' and operatives' organisations could be persuaded to work more closely together. As it is, there is, perhaps, no other trade in the country where the two sides furnish a greater example of mutual understanding, and we could, I am sure, do vastly more for the general welfare if this spirit of co-operation could be extended. I have for years encouraged more co-operation between the representatives of Capital and Labour, believing that herein lies the key to both industrial and social betterment. The Premier, Mr. Baldwin, who is a practical business man, has advocated on every possible occasion the necessity for harmonious relationship between Capital and Labour. In 1911 the Industrial Council, consisting of the most prominent leaders of Capital and Labour controlling the staple industries, was established by the Government. This Council was only very partially used before the war, and has not been used at all since. I

have no hesitation in saying that had it been allowed to function as was intended, a state of affairs very different from that existing at the present time, or during the whole period of the crisis, would have obtained. It is surprising to me that Mr. Baldwin, with his sound views regarding the necessity for promoting industrial harmony, has not long ere now taken steps to have this Council reinstated. Especially have I been striving for this principle, both during and since the war, being thoroughly convinced that if we could break down the remaining barriers that separate us, we could evolve a scheme which would quickly restore prosperity and, what is more, would preserve us from the effects of the periodical booms and slumps which have for so long harassed us. My own idea—and it has been adopted enthusiastically by the members of the Provisional Emergency Cotton Committee—is that we should establish jointly a "Control Board," "Advisory Board," or whatever else it may be called. This Board should watch over the interests of the English cotton trade, having special regard to the fact that it exports a full three-quarters of its products, and we should also be ready to regulate its output to meet the various contingencies which arise from time to time in countries overseas, and especially in those Far Eastern lands which have in the past proved to be our largest and most important markets. Our propaganda has not yet been wholly successful, although many spinners, manufacturers and

operatives are in favour of putting the plan into practice. Seventy-five per cent. of any trade, I contend, ought to carry the whole, but the ultra-rigid and out-of-date regulations of the Master Spinners' Federation will not allow of any step being taken unless a larger percentage of its members is in favour of a change being made. And so, for the present, we are held up, and the mills, through the lack of this very essential organisation, go on working on individual lines and losing heavily.

In the coal industry, which is also, like cotton, an international industry, it is surprising that employers in England should be advocating the lengthening of hours when it is well known that we are producing far more coal than can be consumed owing to the development of electricity, oil fuel, etc. Would it not be a saner policy to support Mr. Frank Hodges, who has been appointed Secretary of the workers' international organisation in the coal industry, to get the foreign workers to insist on bringing their standard of living as regards hours of labour and wages conditions up to the standard of England, and employ the hundreds of thousands of miners who may never get employment in coal mines again on work for which they are eminently suited, such as road making, etc., and to promote emigration to Australia, which, as Lord Apsley points out, has an ideal climate well-suited to miners?

A great many people, and not a few in Lanca-

shire itself, are labouring under the delusion that we have brought the present trouble upon ourselves by the over-capitalisation of our mills in 1919 and 1920. I wish to disabuse the minds of those people who have too readily accepted this explanation, for except in a few well-known cases, I still maintain that our mills do not stand at too high figures when all the post-war circumstances are taken into consideration. It must be remembered that everything to-day costs at least double pre-war rates, and, what is more, there appears to be little prospect of things coming down again to pre-war levels. If food, wages, the raw material for clothing, and everything else is dearer, how can we expect cotton mills and their plant to be kept in order unless at a greatly enhanced cost? As I have said repeatedly, there cannot be over-valuation of mills if it is impossible to replace them or build new ones at the advanced figures at which they stand to-day. The builders and textile machinists, as a matter of fact, ask for as much to build and equip new mills as the bulk of re-capitalised mills stand at. Why, then, should there be this great outcry against recapitalisation? It is our trade losses caused by over-production and the loss of our capital that has placed us in the position in which we find ourselves to-day, in conjunction with the great falling off in the demand for cotton goods that is the aftermath of the war.

There is a good deal of loose thinking and loose talking on this matter. One sees from

time to time reports in the papers to the effect that certain mills have decided to reduce their capital, and outsiders at once take it for granted that these were the mills that had been over-capitalised at the time of the boom. It would be found, almost without exception, that the mills that have taken this course have been obliged to do so, not because they were over-capitalised, but because they had made huge losses by over-production and that they could not expect to recover themselves otherwise. If the mills which have not been recapitalised have not been called upon to make these reductions, it is because they have been basing their costs on fictitious values of buildings and plants. They have, as a matter of fact, been keeping their mills at a figure in their books which did not at all correspond with the cost of repairs and renewals, and have been depreciating at that figure when they knew that repairs and renewals would cost them just as much as they were costing the recapitalised mills. To prevent absolute disaster, should fire or other untoward circumstance make it necessary for them to replace their buildings and machinery, they have actually insured their premises and stock at the same rate as the recapitalised mills, which is a clear admission that their book figures respecting capital are altogether inadequate. The Inland Revenue Commissioners, indeed, gauged the situation accurately when they allowed recapitalised mills to write off a much larger amount per annum in depreciation than

those which had not been recapitalised, these being limited to pre-war rate.

As bearing on this point, it is interesting to recall what Dr. Giorgio Mylius, the President of the Italian Cotton Association, has to say in giving the reason why Italy is able to export some of her goods to old customers of ours. His compatriots, he shows, are living in a fool's paradise, just as are the shareholders of non-turned-over mills in England and the other countries of the world. In a report quoted in the "International Cotton Bulletin," Dr. Mylius says that the Italian industry ought to be selling its goods at a higher rate, as calculating the cost account on the basis of the value of the plants as shown in the present balance-sheets is wrong. "We ought," he says, "to consider their present-day value. Almost all the Italian cotton mills were erected before 1914, consequently they figure in the balance-sheets at pre-war rates of costs; they have not been re-valued as has been the case with many English cotton mills. Considering that the plants are wearing out, it would be wise if a replacement fund were established. Of course," adds Dr. Mylius, "this would increase the cost of our production, and would cut down the profit."

Precisely. Italian mills are showing fictitious results owing to the fact that they are making no provision for those renewals of machinery which nowadays cost at least twice as much as they did in pre-war days. In this matter of failing to

build up reserves to replace their machinery, English non-recapitalised mills are doing exactly what they are doing in Italy—they are living on their capital, and before long their shareholders must have a very rude awakening. This state of things obtains pretty well all over the world.

While on this question of capital, it is well to point out that the cotton industry adopts a method of financing its mills which is peculiarly its own. The proportion of share capital in mills is sometimes as little as one-eighth to a quarter of the total capital employed. At the time of the turn-over the shareholders were the only people providing capital who benefited, but they are at all times responsible for the interest paid to those who probably provide the largest part of the capital employed. In times of unprofitable trading, therefore, shareholders are often very hardly hit, and they have been unusually unfortunate during the past five years, having been liable for heavy "calls" on unpaid capital to pay the interest to loan-holders, debenture holders and the banks, in addition to being called upon to make good trade losses, whereas if the capital had been all share, as it is in most other industries, they would have had none of this liability, and would not have received a dividend unless it had been earned.

All the weight has fallen upon the shareholders, and no wonder that we are finding them calling loudly for more effective means than we have at present for reviving trade. They naturally

have watched the trend of events most closely, and they are strongly convinced that nothing but a stern cutting down of supply to demand and a proper control of the trade will save the situation. They have come to have little faith in any panacea which stops short of full control of the industry, and have proved to their utmost satisfaction that even cheap cotton will not stimulate a full demand until world conditions improve further. Despite all the arguments as to throwing caution to the winds and putting mills on full time to cheapen costs of production, the shareholders are adamant. They know, what is perfectly true, that there was actually more demand for cotton goods when raw cotton was at eighteenpence a pound than there is to-day when it is little more than half that price.

The shareholders are convinced that the trade requires to be put upon a more scientific and exact basis. They call for more sectionalisation, more statistical information, and figures that are more reliable altogether than the ones that are being grudgingly given at the present time. Only by causing the trade to furnish full and candid statistics is it possible to come at the real state of the industry and make regulations which will be of use, and outsiders marvel at our reluctance in this matter when they see how eagerly foreign countries seize upon these suggestions to improve their trade. I have for long been urging cotton spinners to get to know by statistics exactly where trade weaknesses lie, and have, consequently,

been highly gratified to see that such a shrewd public man as Mr. Herbert Hoover has been urging the cotton industry of America to find some means of exchanging data on production and stocks in hand. Such exchange, he insists, and insists rightly, would be an important element in the stabilising of business, and says, significantly, that stability, when maintained legally, means a great deal for the entire nation. Textile mills in the Southern States of America have been exchanging information along the lines indicated by Mr. Hoover for many months and with considerable success, and Belgium, Japan and other countries have followed the advice which I and the Provisional Emergency Cotton Committee have given in this matter, but England, whence the idea had birth, continues to ignore this indispensable aid to prosperity. We in England want a little of the enterprise shown by men of the stamp of Mr. Hoover, who, one is glad to see, is bringing his influence to bear on the elimination of the cotton gambler, a greater menace to the trade than ever was the boll weevil. Mr. Hoover stated recently that as much as one-third of the price of raw cotton was the result of the activities of outside speculators, which means that if this element were eliminated the price of cotton would be brought down to somewhere about the pre-war level.

From what has been said, it will be gathered that our troubles are mainly domestic, and have nothing to do with what the foreigner may or

may not do in the matter of competition in our markets abroad. In the particular classes of goods that Lancashire produces—goods of the finest and best quality—we have as yet no rival, and I doubt whether we ever shall be beaten if we but keep our operatives together by treating them fairly and generously. The subtleties of cotton spinning and manufacturing cannot be mastered in one or two generations, and we have had such a long start, both as regards personnel and equipment, that it will be difficult for us to be overtaken, especially, too, as we happen to have a climate unmatched anywhere for the production of textile goods. One is aware, of course, that one or two foreign countries are learning by experience and doing better work now than they did formerly, but Lancashire finds nothing in this to perturb her seriously.

America, which owns the next largest spindleage to ours and has, perhaps, had more experience in cotton spinning and manufacturing than any other country outside England since the introduction of power-driven machinery, still finds it necessary to come to England for the highest class of cotton goods, and despite her excessive tariffs, we are at the present moment doing more business in "fancies" than ever we were. Indeed, so large has the trade in voiles, poplins and other fine goods become during the last year or two that the home producers lately applied to their Goverment to raise the tariff wall against us still further. The answer given was as unex-

pected as it was crushing. In effect the Government said, "You cannot make the goods that England is sending. When you can, come to us again. Meanwhile, we cannot consent to raise the tariff further, seeing that the goods imported do not enter into competition with any manufactured in America, and to raise the tariff would be putting an unwarrantable burden upon those of our own people who buy these goods."

This goes to show why we who know the trade best are not worried when we hear of Italy and Japan selling some portion of their coarser and consequently cheaper output to India, or Russia threatens that if we do not fall in with her long-credit proposals she will punish us by taking all her trade to Germany and America. We know the spindleage of these countries, and we know they have not sufficient machinery to cater for their own needs, and therefore are quite unlikely to do us any real damage. We are always having these scares in one shape or another. The very latest is the artificial silk scare. Artificial silk, say these unbalanced commentators, is growing so rapidly in favour that it promises to sweep cotton out of existence in the near future, whereas we know that this much-boomed product, useful and welcome as it is to the manufacturer for ornamentation purposes, cannot be compared to cotton for usefulness and durability, and is no more likely to oust cotton than flannelette is likely to oust wool. It is of use in the general scheme of things without doubt, and has been

greatly favoured by Fashion during the past year or two, but its most ardent admirers in the trade do not make for the material claims so obviously exaggerated.

As for the future of cotton, one has but to remember that the population of the world has doubled during the past hundred years, and is still rapidly increasing, and that no fibre or fabric has yet been discovered to equal cotton for the clothing of the masses of the people, especially in the Far East. What we have to do is to put our house in order and encourage to the full the growing of cotton in any part of the world, and the future is safe for cotton employers and cotton operatives for generations to come.

Of course, our position to-day is due very largely to want of vision on the part of those who have controlled the trade during the war period and since, and also of the Government. The more one examines the state of things at the present time the more one is convinced that had the scheme been adopted that I propounded for putting the surplus cotton in store in the first year of the war in order to steady prices and keep the grower properly remunerated, we should not now be bewailing our many misfortunes. The scheme, had it been carried out, would have obviated the risks of declaring cotton contraband at the outbreak of war, and it would have saved enormous losses to cotton growers, cotton spinners, manufacturers and merchants throughout the world. The non-acceptance of the

proposals by the Federation of Master Cotton Spinners' Associations, of which organisation I had been President for twenty-one years, and the subsequent rejection of the scheme by the Government, led to my resignation as President of the Federation, as a protest against the want of vision that was displayed.

Viscount Grey, I notice, alludes in his book, "Twenty-five Years, 1892-1916," to the difficulty and danger of declaring cotton contraband at the outbreak of the war, but makes no reference to the scheme which I put before the Government for securing the cotton supply to neutral countries in accordance with statistics of their requirements which had been supplied for many years before, which would also have secured a reserve of cotton and prevented enormous losses to the growers, spinners and manufacturers. When my scheme was not carried out I did everything possible to get cotton made contraband in order that the war might be shortened and valuable lives saved. Lord Grey refused to give his support to a great public meeting on this question held at the Queen's Hall, London, in August, 1915, over which I presided, but despite this, cotton was declared contraband a few days afterwards. The dislocation caused by the refusal to accept the first proposal to create a reserve of cotton and to ration neutral countries in order to prevent cotton reaching enemy countries, has remained with us ever since, the spinner first taking advantage of the cotton grower and the

planter retaliating with reduced crops, which made cotton both scarce and dear; while we have a condition of things existing at the moment in which the yarn buyer is taking advantage of the spinner, and the merchant is taking advantage of both. When we are to get clear of this vicious circle I do not know, but obviously the false step taken in the first year of the war has led to difficulties for all, from the grower of the raw material to the distributor of the finished fabric.

If any other trade but cotton had been obliged to meet this series of buffets and tribulations one would have despaired long ago, but as it is we look to the coming year to remedy the blunders of both the trade and the Government, and if this is done, there is every confidence that prosperity will again be restored.

WHY WE MUST HAVE A RESERVE OF COTTON.*

Imperative if we are to Keep Supplies at an Adequate Level.

The Editor of the *Textile World*, in requesting me to contribute again to his Annual Review Number, threw out a suggestion that I might, in view of the unusually large cotton crop of the past season and the comparative slackness in which the raw material is being taken up by the spinners owing to the temporary reduction in the world demand for manufactured goods, consider the present an opportune time to revive my plea for the storing of surplus stocks of cotton in years of plenty against the years of smaller crops that almost invariably follow. He calls attention to the fact that we are faced with relatively large world crops of cotton and with threats in America, Egypt and India of organised reduction of acreage next season, and adds; "Possibly you have changed your views as to the feasibility of accumulating reserves through co-operative effort, but

*Article written for the Annual Review number of the "*Textile World*" (New York and Boston, U.S.A.), February 6th, 1925.

I feel certain that you will still hold to the principle involved, and I also feel that a statement from you on the subject will go far towards influencing a majority of world spinners to adopt the right policy."

The subject suggested by the Editor is an excellent one—none could be better from the point of view of every interest involved. Moreover, I can assure him that I stand exactly where I did on this extremely important question. It is a cause I have again and again championed since I made my pronouncement at the Atlanta Conference in 1907, and I have had since that time incontestable proof that the proposal I then made was an absolutely sound one. The subject had passed the academical stage when I was in Atlanta, but what happened after the Great War put the utility and justice of the matter beyond all doubt.

At Atlanta, I laid down certain broad principles of working which are as true to-day as they were on the day they were uttered. I stated that an organisation such as the International Cotton Federation could not be successful unless it paid due regard to the legitimate interests of all engaged in the industry, whether they were the growers of the raw material, the legitimate middle-men who were responsible for the distribution of that raw material, the spinners, the manufacturers, or any of the other interests dependent upon them. I then went on to say how important it was in the interests of the cotton industry as a whole that the price of the raw material should not be reduced

to a level at which growers would not be remunerated adequately, and added :—

> "We shall certainly have, as in the past, bad seasons alternating with good, but as cotton, unlike most other agricultural produce, can be stored for years without deterioration it would surely be wise and prudent, in times of over-abundance, to establish a reserve for years of partial failure, which would also have a steadying effect on prices.
>
> "I should like to emphasise that taking into consideration the magnitude of the interests involved, the risks to which the cotton plant is exposed, and the prospects of the continued development of the world's cotton industry, we should be short-sighted indeed if we did not take energetic measures to increase our supply of the raw material, to broaden the base of that supply, and likewise give attention to the establishment of a reserve in years of abundance as an assurance against years of partial failure and all the suffering which this entails. I quite appreciate the great difficulties which surround the creation of a reserve, but when difficulties are resolutely faced, it is wonderful how they can be overcome".

We did not come to any practical conclusion on this question at the Atlanta Conference, being too much occupied with matters affecting the growing and handling of the cotton, but I have

never missed an opportunity since that time of pressing forward the subject, and I am glad to know that the seed has not fallen upon barren ground. As showing how deeply interested I was in it, I may say that it was my advocacy of the principle of creating a reserve of cotton that led to my resignation of the Presidency of the Federation of Master Cotton Spinners' Associations, a position I had held for 21 years, and the International Cotton Federation, for whose establishment I was largely responsible, and over whose deliberations I presided for 11 years. Let me add, with all the emphasis of which I am capable, that the rejection of my advice on this question at the beginning of the war has, directly or indirectly, been largely responsible for the trials and difficulties the cotton trade has passed through during and since the war period. There could not, therefore, have been any subject suggested for consideration in the pages of the "Textile World" upon which I have thought more deeply or felt more strongly.

I could not do better for the purpose of recommending the policy of reserving cotton, perhaps, than recall the blunders into which our selfishness and cynical disregard for other people's welfare led us at the outbreak of the war, and point out how acutely spinners have since suffered for their selfishness and short-sightedness. It may be recalled that in the first year of the war America raised the largest crop of cotton ever known —probably 17,500,000 bales, though given officially

as 16,738,000 bales—and this, coming at a time when there was a great reduction in demand owing to enemy countries being out of the market, we were faced with a great glut of the raw material. Seeing this, and knowing that we should, as spinners, make a huge mistake if we allowed the cotton to be thrown on the market at ruinous prices, I suggested that America and England, the two preponderating interests in the growing and manufacturing of cotton, should purchase this surplus, and thus prevent a disastrous loss and also secure a reserve of cotton. This, I pointed out, would not only stave off ruin to the planter, but would be of inestimable benefit to the industry generally. I suggested, also, that this course might be taken in other parts of the world where cotton was grown, and Egypt and India adopted it.

America and England, however, refused to look at the scheme, the spinners of both countries taking up the attitude that they had a perfect right to take advantage of the market under these conditions. The logic, of course, was altogether unsound, for the reason that the spinner spins cotton only, while the planter, if cotton ceases to be a paying proposition, can turn his land on to other crops. I used my utmost endeavour to get those engaged in the English spinning trade to study the interests of the planter, but the Master Cotton Spinners' Federation opposed the proposition and passed a resolution limiting my freedom of action. The result was that I resigned my Presidency, and have refused to take any official position since.

Through refusing to take the advice of one who had had exceptional opportunities, American cotton fell from 7½d. to 4d. a pound, and the spinner, no doubt, considered that he had done a very fine thing for himself to get cotton at a price far below the cost of production. But he displayed great want of vision. The planter, who had been brought to the verge of ruin—indeed, many were actually ruined—proceeded immediately to restrict his acreage for growing cotton. Had my proposition for creating a reserve of cotton been adopted, it would not only have saved enormous loss—cotton being a commodity which, if properly packed, can be stored for years without deterioration—but would have done much more. After supplying neutral countries with their ordinary requirements as shown by the statistics which had been supplied to the International Cotton Federation for many years, we could have stopped the flow of cotton into enemy countries and, as cotton is an indispensable ingredient in the manufacture of explosives, we could have shortened the war considerably, have saved many thousands of lives and hundreds of millions of treasure.

In the season following that of the record crop the number of acres harvested fell from 36,832,000 to 31,412,000, and the number of bales from 17,500,000, to 12,013,000, remaining at or under the 12,000,000 bales level for the next four or five years, and then they fell further, the crop in 1921-1922 being only 8,360,000 bales. A short supply and consequently high-priced cotton came at the

moment when the cotton trade was in the throes of a slump, and until 1924 spinners called in vain for relief. Then the American planters roused themselves, but not so much in the interests of the spinner, one may presume, as out of alarm at the way in which cotton growing in other countries was increasing.

It must not be supposed that we have reached again a position when we can afford to neglect the interests of the growers of our raw material. If the price of cotton is brought down to too low a figure to remunerate the grower in America, we shall not only find him resuming his restriction policy, but we shall discover that the enthusiasm of the growers in Africa, India, Brazil, and elsewhere has waned, for there is no doubt that the spurt in cotton-growing all over the world has been influenced much more by the high prices of the raw material that have ruled for a year or two back than by consideration for the spinners of England or any other country. Our safety is to be found in remunerating the grower in accordance with the changed conditions that have obtained as a result of the world upheaval. At the moment, the price of Middling American cotton is standing at 10d., which is only about 2½d. more than it was pre-war. The World's cotton mill stocks of all classes of cotton, according to the International Cotton Federation's figures (regardless of weight), rose from 3,569,000 bales on July 31st. 1924, to 4,267,000 bales on July 31st. 1925.

The carry-over at the end of the 1925—1926

season is likely to be considerably larger than it was last year, in view of the poor trade we are having at present, and thus it is that we come again to the question of whether or not it would not be well if we took some means of securing a surplus of cotton in order to make provision for lean times and to steady prices.

People scarcely realise what it would mean to the trade to get the raw material on to a steady basis and keep it there. We, in Manchester, have had a telling object lesson during the past three months, when, despite the fact that cotton has fallen about fourpence a pound, there has been great difficulty in getting buyers to enter into contracts for cotton goods beyond immediate needs. The erratic methods of the Crop Reporting Board, coupled with the freakish ways of the Cotton Exchanges, have made it impossible for buyers to have any faith in raw material prices, and the result has been that despite the great reduction in the price of the raw material and the fact that the markets of the world are bare of cotton goods, confidence has been so shaken that a hand-to-mouth policy obtains. What we want is stability, and we want that even more than low prices. I contend that the way to bring about this stability would be to create the reserve of cotton I have for so long recommended.

At the International Conference at Atlanta in 1907, to which I have referred, there was one question which occupied the minds of the delegates, and particularly of the planters, almost to the

exclusion of everything else. I refer to the elimination of the cotton gambler, whose activities, Mr. Hoover stated recently, were responsible for the adding of about one-third to the price of the raw material. The Hon. J. Thomas Heflin, of Alabama, I remember, was particularly strong on this question in the planters' interest. "It is for Congress to assist the States in putting the cotton gamblers out of business," he said. "The producer must be relieved of the outrageous and destructive competition to which he is now subjected by the speculator, who offers upon the Exchange a fictitious product which he cannot and does not intend to deliver. These gambling Exchanges buy and sell a fictitious product, and the price that they fix determines the price of the entire cotton crop. This obnoxious method deprives the farmer of his right to a voice in fixing the price of this important product—a right which is accorded to other producers."

Mr. Heflin went on to say that if a man offered a horse for a hundred dollars, and did not own a horse, he would be obtaining money under false pretences, and would be clapped in gaol, and yet Congress permitted the cotton gambler to offer for sale something that he did not own and never expected to own, and which the man buying did not want, and through this evil performance the real product upon which millions of people were dependent for a livelihood was injuriously affected. With all of this I cordially agree with Mr. Heflin. The cotton gambler is, as he said, a curse to the

whole industry and the creation of a reserve of cotton would, I am convinced, put the gambler out of business even more surely than Congress itself. The fact that there was a reserve of cotton ready to be thrown on the market whenever it was found that wild speculation was running up prices, would make the gambler, professional or amateur, think twice before he entered into his irresponsible dealings, while such a thing as making a "corner" in the raw material would be impossible.

Incidentally, I should like to express a hope that America has taken note of what is on foot in India with regard to putting down the cotton gambler. The Bengal Chamber of Commerce has recently made a recommendation to the Legislature that every raw cotton contract entered into should be enforceable at law, and that those transactions in which delivery would not be given, or taken, or contemplated, should be prohibited or made null and void. Such legislation as is proposed in India, I take it, would not affect dealings in "futures" by those legitimately engaged in the trade. The recommendation is, no doubt, directed towards the outside gambler, the man who toils not, neither does he spin.

It is difficult to see how we could get along without a futures market in an industry so huge as cotton, although one is aware that the woollen trade does not find it necessary to do business on these lines. Few Lancashire cotton mills could afford to put down spot cash for the great quan-

tities of cotton they consume, but it would be all to the good if it could be arranged that such futures dealings as do take place should have the backing of actual cotton in the warehouse. If we had the reserve of cotton I propose, and in addition called for a high priced stamp to be affixed to every cotton contract (the amount the stamp represented being refunded when the cotton was taken up, and forfeited when it was found that the transaction was a pure gamble) we should make doubly sure of eliminating the illegitimate speculator.

What I have said above as to the necessity of reserving cotton should not, I think, be taken as having reference to American cotton only. It is obvious that if we are to make a success of the scheme there can be no loopholes, and all classes of cotton would have to be taken into consideration. America at the moment may not consider that other cotton fields are worthy of much notice, but they are coming, and must come if we who are engaged in the spinning and manufacture of cotton are to face the future with any degree of confidence. The Southern States of America may at the moment feel that they have produced too much, but, on the other hand, it has to be pointed out that a crop which sometimes varies as much as 4,000,000 to 5,000,000 bales from one year to another cannot be relied upon too implicitly. Without the slightest feeling of hostility to America, we are bound to encourage other supplies, if for no other reason than to have the means at hand to frustrate the cotton gambler.

But there are other and very cogent reasons why we should have alternative sources of supply. First of all, it is common prudence not to put all one's eggs in one basket, and, again, we must not assume that the cotton trade is to remain in its present depressed state, or that America will always be able to spare to us from her home-grown crops all the cotton that we shall require. Apart from the big inroads that the great motoring industry is already making into supplies of the raw material, there are being constantly found more and more uses to which cotton can be put, and Lancashire will be obliged to take more thought in future as to the sources of her raw cotton supply. We know, of course, that her spinning is becoming finer and finer, and that other growths besides the American are being every year more extensively used, but, for all that, the time is far distant when we shall have no use for the products of the fields of that great fertile belt lying between the Ohio and the Gulf of Mexico.

No one is urging the planters to produce more than is required, but in normal times the productions of all the cotton fields in the world will not be more than the trade will be able to absorb, or the wearers of cotton goods to consume. Before the war, it must be remembered, we were working longer hours and adding to the world's equipment something like four million spindles a year, and yet, under those conditions, we were continually crying out for more and still more cotton. Since that time, and despite the terrible toll of

lost manhood in the war, the population of the world has continued to increase, and has increased most in those lands which are beyond all others the recognised cotton-wearing countries of the world. It is calculated that there are now 900,000,000 people included in India, China, Japan and her dependencies.

Consequently, we need not be faint-hearted as to the future, when once we leave behind the depressing effects of the Great War. This we are doing very appreciably as the years come round, and, therefore, it would be impossible to lose faith in the future of an industry such as cotton, which has no rival for the purpose of clothing the great bulk of the people of the world. Cotton, far from being played out, will be in greater demand than ever in years to come, and would be in far greater demand to-day if longer views were taken and a less selfish industrial policy adopted than has been done in the past. I have never lost faith in the cotton industry, although one has at times been sorely tried in noting that people engaged in it appear not to see what is to their own interest and advantage. Many of the opinions appearing in the Press are those of individuals who have had no experience of the magnitude and importance of an international industry.

In conclusion, I should like to correct that very foolish impression that has got abroad in America that Great Britain is "down and out," and that the old British spirit of initiative and the capacity to battle against difficulties have been lost. I admit

that we ourselves are responsible to a great extent for spreading such a notion, for we are at all times too apt to depreciate both ourselves and the industry with which we happen to be connected. As the largest exporting country in the world, we have undoubtedly been hard hit by the depression that has fallen upon so many foreign countries since the war, but that is not to say that we are in the deepest depths of despair and have come to the conclusion that there is no chance of recovery. Let America ask herself one question, and that is: "How many other countries are facing their war debts as England is doing, and how many of them, with burdens nothing like so great as ours, are meeting all their liabilities and putting their affairs on a sound financial footing again?" It is the Englishman's privilege to grumble, often when he has very little to grumble about, but foreign countries should not put down our habit of self-depreciation at its face value. We have had to face exceptional difficulties during the last eleven years, but the national grit which has served us so well in the past is, I think, not likely to desert us now when by far the worst is over.

OUR TEXTILE EXPORTS.*

The Facts Regarding Lancashire's So-called Competitors.

In complying with the request of the Editor of *The Export World* for an article on the present position of cotton exports, I shall take the opportunity of dealing with two aspects of the question in particular, that of our supposed loss of trade owing to the activity of some of our "competitors," and the charge made by officials and others that Lancashire is holding up trade by artificially bolstering up yarn and cloth prices.

With regard to the first-named matter, I want to say here and at once that, despite all the talk of foreigners cutting into our trade, we have no competition to meet worthy of the name. This may appear to be a bold statement in view of the great outcry made recently as to the business being done by Italy and Japan, but what is forgotten is that production bears relation only to means of output, and what is a big percentage advance to a little country may be a small matter indeed when laid alongside the output of a country which has a great proportion of the machinery of the world at its

*Article written for Special Number of *"The Export World,"* April 1926.

disposal and is equipped for producing goods on an enormous scale.

When a great shout goes up about the export trade done by any country it is as well to examine what its equipment is, for percentages of output are altogether misleading. With this factor ascertained, along with the class of trade the country is doing, we may come to some better idea of what it can do and is doing than anything we can gather from the fulminations of the sensational journalists. It may, therefore, be of advantage to set forth the spindleage of the various countries engaged in cotton goods production, and then we can see for ourselves what the possibilities are. The latest figures collected by the International Cotton Federation are as follows :—

	Spindles in 1925
Great Britain	57,116,000
France	9,428,000
Germany	9,500,000
*Russia	7,246,000
Italy	4,771,000
Czecho-Slovakia	3,471,000
Spain	1,813,000
Belgium	1,788,000
Switzerland	1,517,000
Poland	1,172,000
Austria	1,038,000
Other European Countries	2,264,000
India	8,500,000
*Japan	5,292,000

China	3,350,000
U.S.A.	37,937,000
Canada	1,319,000
Mexico	814,000
Brazil	1,950,000
Sundries	1,077,000

*Although Russia is credited with over 7,000,000 spindles, it is doubtful whether more than half of these are yet fit to run; while owing to earthquake disasters, Japan's workable spindles are over half a million less than the figure given above.

Of the world's total of 161,363,000 spindles, England has about one-third, or nearly as many as all Asia and America put together. Italy, which is thought to be doing such great things, has, even on a double-shift system, not enough to supply clothing for her own needs, and if she sells one quality she must buy another; while Japan, with something over 5,000,000 spindles, cannot possibly make "inroads" into anybody's trade if she is to have any goods left for herself. Japan has a population about equal to that of England, and England takes the product of 12,000,000 spindles to supply her own needs.

Again, we have it on the authority of Dr. Mylius, the President of the Italian Cotton Association, that Italy would not have done so well had she not been eating into her capital in order to undercut her rivals. She has pursued the foolish policy of working overtime without building up a fund to

replace her machinery, which now costs double pre-war, so that under these circumstances her powers of competition are not likely to be lasting. Indeed, an official report from Italy states that "English competition in the Italian and foreign markets has begun to make itself felt, and has forced spinners, weavers and exporters to reduce their margins more keenly." On the whole the situation is still good, says the report, but it is anticipated that a lack of orders will be experienced in the Spring.

And what does Japanese activity amount to? The Japanese Cotton Spinners' Association tells us that in 1924 the mills belonging to the Association "reported three times the number of spindles and eight times the number of looms that they possessed in 1905, and during this period the annual consumption of raw cotton increased over 1,000,000 bales, the output of cotton yarns was doubled, and cloth production was augmented eightfold." All of which sounds quite imposing until it is pointed out that even on short-time working England exported to India alone last year 300,000,000 yards of cloth more than Japan produced altogether working overtime. And our exports, it must be remembered were of fine goods, while Japan's were coarse, making all the difference in the world in the value of the production.

It makes all the difference, also, in regard to the weight of cotton used. Many people are misled into thinking that England is losing ground owing to the fact that other countries appear to be increas-

ing faster their consumption of cotton. This, however, is quite a superficial view. The finer you spin the less weight of cotton you use; you put into the production more work but less material. Japan is engaged in producing coarse, lightly-spun stuff which hardly comes into competition with the finer English goods, and so neither does nor can do this country any serious harm.

It may be pointed out that India's imports of British cotton cloth increased from 1,306,266,000 yards in 1923—24 to 1,598,739,000 in 1924—25, which is a sufficient indication that Japanese gains have not been at Britain's expense. Japan's gains, aided largely by the depreciation in Japanese exchange during the past two years, have been chiefly at the expense of the native mills of India, as shown by the recent agitation for the removal of the Indian excise, which was said to be handicapping India in her competition with Japan.

English textile goods, indeed, maintain their supremacy everywhere, and they will come into their own again so far as quantity is concerned as soon as countries like China settle down, and we get rid of some of the financial burdens imposed upon us by the war. We have such a lead in plant, in climate, in workmanship and everything else that it is a total impossibility for us to be overtaken by any other country engaged in cotton goods production.

I notice in the January number of the "Export World" that the remark of Mr. T. M. Ainscough, Senior Trade Commissioner in India, is quoted to the effect that "the artificial bolstering up of cloth

prices in Lancashire by short-time working has effectually prevented the purchase by India of its accumulated requirements." One cannot understand any person making such a statement as this when the trade is losing money at the rate it is to-day. The real complaint in Lancashire is not that prices are being bolstered up by a short-time policy, but that losses are being made owing to an over-eagerness to run more hours than the demand justifies. This over-eagerness has led to a virtual breakdown of the Spinners' Federation short-time policy, and in itself refutes the contention that the trade as a whole is deliberately reducing its hours and cares nothing about reducing its prices. Lancashire has on more than one occasion since the slump began tried full-time running in the hope that a brisk demand would thereby be stimulated, but the result has been that she has squandered scores of millions of pounds of her capital by over-producing and having to sell huge surpluses at a loss.

We are told by Mr. Ainscough that India was prepared to place orders for large quantities of goods when cotton was 13d. per pound. If so, why are orders held back now when cotton has fallen to 9½d. a pound? Especially is one inclined to ask the question in view of the fact that the fall in yarn and cloth prices during the past twelve months has been nearly double that in the raw material, showing again that spinners and manufacturers have not pursued a policy of taking advantage of their customers, but have made sacrifices constantly in order to attract business.

The action of buyers to-day would seem to bear out the statement made everywhere in Lancashire that it is not a question of being able to pay a fair price on their part, but that they will carry on their old cat-and-mouse game so long as spinners continue their foolish policy of overproducing and later on slaughtering their stocks. Many observers are convinced that much more trade would be done if spinners and manufacturers would, like those engaged in other sections of the trade, control their output and refuse to sell at unprofitable rates. It is a well-known fact that when spinners restricted their productions by going on to 26½ hours per week in 1924, they were not only better remunerated but they did more business. But no sooner did they extend their hours of working than they went backwards again.

So far cheap cotton has not brought out business on any large scale, and investors in Lancashire mills are crying out for the trade to adopt the same policy as did the rubber companies when those companies were being ruined by over-production. I have for long held that the industry should be controlled on scientific lines if we are to get back our prosperity, and I see no hope of its return until we do administer our affairs, not in the interests of individuals, but in the interests of the whole spinning and manufacturing trade. We lack nothing but organisation, and once we get that we shall assume our former supreme and prosperous position in the cotton trade of the world.

THE OUTLOOK IN THE COTTON TRADE.*

In acceding to the request of the International News Service for an expression of opinion on the outlook for the English cotton industry during 1926, I may say that I do not doubt for a moment that the outlook would be very favourable if we could but get a better appreciation of the world position on the part of those who spin and manufacture cotton goods. Our trade, unlike that of America, is mainly an export trade, and the matter of whether our home trade is good or bad affects about one quarter of our production only. Had it been a matter of home trade simply, as is the case with all other countries that have taken up cotton manufacture, we should have had little to grumble about, for that trade has been uniformly good throughout the whole of the dark years through which we have passed since the slump began in the autumn of 1920. But our great cotton trade has been built up by developing our exports with countries overseas, and these outlets having been greatly reduced for the time being, we have had problems to deal with such as no other countries have been called upon to face.

When people talk about England's cotton

*International News Service, Dec., 1925.

trade having been filched away from us by foreign countries, they do not understand the position of affairs. Those foreign countries who do not produce the class of goods that Lancashire does, have no doubt reaped some advantage temporarily by being able to sell small quantities of their coarser goods to impoverished communities, but there are abundant evidences that England's old customers are thoroughly dissatisfied with the quality of their purchases and will return to sound and reliable Manchester goods as soon as conditions will allow.

From what is said here, it must not be understood that Lancashire is selling goods in negligible quantity ; as a matter of fact we are sending abroad almost as great a yardage of cloth and as great a weight of yarn, as we did in the boom year of 1919.

In that year, of course, we did not export anything near so much as we did in the years immediately preceding the outbreak of the war, but it was the enormous price paid for what we did make that caused the industry to be in such a flourishing state. Now, the position is reversed; we are sending out too great a volume of goods at prices much too low to give us an adequate return for the capital we have invested in the industry.

Indeed, in a great many cases in that section which spins American cotton there is not only no return on capital, but there has been for four

or five years past, a succession of losses, in some instances of appalling magnitude.

It became evident years ago, to those who took a long and comprehensive view of the situation that spinners and manufacturers would have to give up their suicidal methods of undercutting, and substitute a compulsory scheme of regulating supply to demand, in order that they might, at all events, be assured of prices that would cover costs of production; but through lack of organisation, they have drifted along from year to year without adopting this essential safeguard, until some of the firms have been brought to the verge of bankruptcy.

At the moment, the American spinning section is still drifting, but the astonishing part of the whole business is that although three-quarters of that section are agreed that such a compulsory scheme is absolutely necessary to save the trade, they have so far taken no effective means of putting that scheme into action. The Provisional Emergency Cotton Committee goes on with its work of propaganda to this end, but whenever steps are taken to establish a body for the purpose of trade regulation and guidance, they are frustrated by the Master Spinners' Federation, whose executive continues to set the majority of the trade at defiance and stultify every movement made to bring the trade into line.

Fortified by the knowledge of what has been

accomplished in other trades, and by my own experience in another branch of industry, I have stated publicly recently that the whole situation could be turned round within a month's time if we could but have this scheme put into operation. Once the leakage of over-production is stopped, we should, I am certain, not only put a stop to our losses, but we should see a great expansion in trade, as buyers would see the futility of waiting for goods to be realised at under cost. The present system encourages hand-to-mouth buying, and there would be no inducement to withhold orders if it were known that spinners and manufacturers were obliged, under penalties, to maintain a united front in the matter of producing and marketing their goods.

The common impression is that the world has been waiting all the time for cheap cotton, but to show that this has not been the main consideration, one need but point to the fact that most business has been done, and the best prices obtained, not when cotton has been cheapest but when the trade has regulated its output most rigorously. We had an instance of this in 1924, but spinners in their eagerness to get on full time working refused to keep in line, with the result that margins vanished again and we were thrown back into the same old rut.

Upon whether they will profit by their past experience, will depend the success or non-

success of the trade in 1926. It is greatly to be hoped that both spinners and manufacturers will show, and show quickly, that they have learned the hard lesson of the past five years. If so, it will be greatly to the advantage of everyone concerned, and not least to the cotton planter. Another slack twelve months might so discourage growers of cotton that acreage would be reduced, and we should find the raw material both scarce and dear again. I have at all times fought the battle of the planter as well as that of the spinner and manufacturer, believing that all engaged in the production of cotton and cotton goods should be remunerated adequately, and have repeatedly expressed the belief, also, that once the world gets rid of the effects of the war there will be no question of the over-production of either the raw material or the finished goods. The populations of the world never yet have had all the cotton goods they desired, and once the real demand springs up again, the facilities for meeting it will, I feel certain, be altogether inadequate. The fact that cotton is being grown in larger quantity in various parts of the British Empire need not perturb the growers of cotton in the Southern States of America, for that demand will more than tax all the resources we are likely to possess for a great many years to come.

THE INTERDEPENDENCE OF TEXTILE TRADES.*

The Editor of the *Textile Recorder,* while planning this year's exhibition of machinery and fabrics at Leicester, has evidently been struck more forcibly than ever with the intimate association of all branches of textile production, and has requested me to contribute an article on this most interesting subject. It is one which cannot fail to stir the imagination, and especially must it give food for thought to one, like myself, who has devoted a lifetime to textile production and who has travelled largely in those lands whence our raw material is procured, as well as in those to which we send great quantities of the goods after we have put into them the technical skill for which our country is famous.

It would take a volume instead of a short article to tell the story of what interdependence has done for the textile trade of this country in the past. Take, in the first place, the romantic way in which the weavers came into England in Edward the Third's time—of the disasters which overtook our cargoes of wool and cloth going to and coming from the Netherlands, and how Queen Philippa, with a woman's genius for the practical, induced the King to cut out the voyages overseas and bring the weavers here, where their descendants were

* "*Textile Recorder*", Exhibition Issue, Oct., 1926.

joined in Queen Elizabeth's time by a larger contingent driven from their homes by religious persecution. Then, consider what a world of interest lies behind the story of the inventors' efforts in the later years of the eighteenth century and the friendly rivalry between loom and spindle, how the one had to be speeded up to overtake the other, and how, eventually, steam arrived and adjusted their differences.

Turning to the history of fibre and fabric, we have a tale of interdependence quite as remarkable. It is quaint to remember, for example, how the two great fibres of wool and cotton, after the one had sought favour by camouflaging itself as "cottons" and the other as "cotton wool," and after fighting a battle royal, ultimately became reconciled and have "mixed" with each other in the most friendly way ever since. And just as we first had linen warps and cotton weft in goods called cotton, we have nowadays artificial silk warps and cotton weft in goods designated "art silk," and history repeats itself in a hundred ways, but all in the way of one textile relying upon another.

The mention of artificial silk reminds one how broad and catholic is the world of textiles, and how warmly welcome is anything in these days which can be pressed into the great and laudable service of clothing mankind. Instead of the fierce opposition which was shown by wool to cotton, all the textiles open their arms to the new product, being well pleased if it can be used to provide some novelty of ornamentation in conjunction with the

older fabrics. In the same way, Lancashire and Yorkshire show a commendable willingness to accommodate themselves to the requirements of the great and growing industries in which Nottingham and Leicester specialise, proving that we have advanced a very long way since the days when legislative powers were sought to put down textile intruders. "The more the better" is our attitude to-day, knowing full well that in a world of normal requirements there will be room for all the raw material that sheep ranch or cotton field can produce —not to mention what the chemist can evolve in his laboratory—for long years to come.

Speaking for cotton more particularly, and with full consciousness of how greatly the demand for cotton manufactures has fallen off in post-war years, I am confident that we shall yet be made to realise that we have neither too much machinery nor too much cotton to cope with the real needs of the world. With all due deference to those new vegetable fibres which are constantly being boomed, but which somehow never seem to fulfil the sanguine expectations of their discoverers, there comes to the front no rival to cotton for the purpose of clothing the ever-increasing populations of the East, of the African Continent, of the spacious countries of Southern America, and elsewhere. When once again business between nations flows in its accustomed channels, we shall find that there will neither be too much raw material nor too many spindles and looms to meet the demand that will be forthcoming.

Meanwhile, one would like to see matters so adjusted among those who produce the great bulk of the world's clothing in this country, that the trade will be in a favourable position, financially and otherwise, to take full advantage of the great demand when it does arise. We need to take to heart not only the great lesson of interdependence among the nations, but to remember how one section of those who produce the goods depends upon another—a lesson which would be beneficial to all who manufacture or distribute our products. If we could but realise the idea that every one who contributes to the production of the finished article has a right to be adequately remunerated, and that it is the utmost folly to imagine that it is a matter of indifference who fails so long as we succeed, we should have done something of the first importance for the trade, and we should have grasped the great truth that only by keeping every link strong can we hope to preserve the whole chain and so keep our own trading position secure.

We have, at the moment, a very good example of what I mean. In the cotton trade we have a chain of a dozen or more links, all of which are acknowledged to be strong, except those of spinning and weaving. These two have, during the past few years, become weaker and weaker, and in parts so weak as to suggest that they may snap very easily. Is it of no account to the strong ones that these links should have worn so thin? It is all very well for the cotton grower or the cotton merchant, the bleacher, the dyer, the finisher, the

packer, or the merchant to assume indifference as to the fate of the two sections named, but where will they be if spindles and looms are brought to a standstill? It is, indeed, a matter of concern, and very grave concern, to all engaged in the trade that the spinning and weaving sections should be in this unfortunate condition, for the simple reason that the weakness, if allowed to continue, cannot fail to react upon all the other sections, with the most serious consequences.

One does not forget what happened at the outbreak of the war, when owing to spinners being indifferent to the welfare of the cotton planters, we were condemned for many a year to a deliberate shortage of raw material, with prices at an almost prohibitive level. It is the same all along the line. It is a bad and short-sighted policy to acquiesce in, or be indifferent to, the welfare of an allied section of one's own industry. Disaster is sure to overtake anyone, sooner or later, who persists in adopting this callous attitude.

What we want today, is not only that due regard shall be paid by one section to another, but that the members of each section shall be loyal and helpful to each other. In the cotton trade, I am sorry to say, we have not yet attained to these ideals, and consequently we have been engaged for several years past, in trying to find means of making the trade—or, at least, that section of it spinning American cotton—loyal by compulsion. It is, however, a difficult matter to make a number of people in this world see where their interest lies.

They are in the habit of looking in every direction for a solution of a problem but the plain and obvious one, and while they are so wasting their time they are doing infinite harm to their own business and that of their neighbours. The cotton industry, I have always held, is interdependent in all its sections, and it has been proved conclusively that the turnover from the spinning of Egyptian cotton to American, and *vice versa,* has rendered both sections unprofitable.

Years have actually been frittered away in unscientific experiments in short time working, and now we are to throw away more valuable weeks and months in trying what we can do through the medium of a selling association and a basic prices scheme, worked separately or in combination. The plain fact of the matter is that we cannot hope for success in any direction while we remain on a voluntary basis; until we so amend our constitution that we can issue orders in place of recommendations. The reluctance to face this primary fact is amazing, especially seeing that we have the example and experience of the bleachers and others to guide us, and that we ourselves have had a practical instance of how efficiently and beneficially a Control organisation can be worked for the good of the whole industry.

Interdependence is a lesson that we all need to learn, but, as is the way in all schools, the dull and obstinate must of necessity be brought into line by forcible means when milder methods prove ineffective.

COTTON TRADE PROSPECTS.*

The great depression in the cotton trade is painfully slow in filling up, and another year has passed without having brought the relief so devoutly to be wished. We are, taking a world view, a little better placed, maybe, but the figures, though showing some increase in our turnover, are decidedly unsatisfactory from the point of view of the prosperity of either the spinner or the manufacturer. Increased export is, of course, a matter for congratulation when prices are right, but should it happen that the producer is giving away something with every pound of yarn and yard of cloth he sells, the so-called "trade expansion" may be simply a delusion and a snare.

On the face of it, perhaps, we do show some improvement. There has been a gradual increase since 1922 in the yardage of cotton cloth shipped abroad, but we are still 36 per cent below what our exports were in 1913. This is bound to be the case when we remember that we are still not working our looms and spindles in the American section two-thirds of the time we ran them before the war, and even the $39\frac{1}{4}$ hours we are working at the time of writing, is evidently far too much for the present off-take, and certainly more than is profitable to the spinner and manufacturer.

It has been again a year of waiting for something to turn up. It was hoped that the $14\frac{1}{2}$ million bale

* Written for "*Daily Mail Year Book*", 1926.

cotton crop in America would bring the raw material to a level which would have allowed of a substantial reduction in the cost of clothing to the consumer. Cotton in the autumn did get in the neighbourhood of a shilling a pound for American middling qualities, but the take-off even then was far from satisfactory. Spinners, in their over-eagerness to get their machinery on to full-time working, very foolishly assisted in keeping up the price of the raw material by buying more cotton than they ought, and the result has been that we have again found ourselves making to stock and losing money by the old slaughtering tactics.

Again and again have I warned the trade that the hours being run were excessive, and that we were not justified by the demand in jumping from a $26\frac{1}{4}$ to a $39\frac{1}{4}$ hours working week.

To make matters worse, and still further to emphasise the necessity for sectionalising the trade and controlling it on a scientific basis, the fine cotton spinners of Bolton have, during the past twelve months, been shaken out of their complacency by just such a change in fortune as the spinners of American cotton experienced four years ago. Growers and speculators in Egyptian cotton have managed very successfully to run up the price of the staple upon which Bolton depends, and the result has been that buyers of the finest cloths have not been able to follow the sharp upward trend of raw cotton prices. Much to their surprise, therefore, the Bolton spinners have found themselves short of orders also, and in their alarm many

have converted their machinery to the higher counts spun from American and other growths of cotton, thus spoiling the market for the Oldham section as well as their own.

The proper method of dealing with the matter, of course, would have been to co-operate in restricting the output of yarn and cloth, which would have prevented losses, and at the same time have brought to their senses those who had been attempting to corner the raw material in Egypt; but, unfortunately they have adopted no organised scheme, and have allowed the matter to drift much in the same way as the American section has done during the past four years.

With orders falling away so fast in theEgyptian section, and with the demand in the American section much below the production of a 39¼ hour week, it is amazing to find gentlemen occupying responsible positions in Manchester houses urging spinners to put all their machinery on full-time working in order, as they say, to bring down the price of goods and stimulate orders. Our experience during the past four years has been that the lowering of the price of goods has stimulated the demand very little, and the only result of our philanthropy has been to involve spinners in enormous financial losses. Only by curtailing our production on organised lines have we been able to minimise our heavy losses. Every man of business must know that nothing but disaster can follow the making of goods for which there is no demand.

China supplies us with the illustration we require. For several years that country, which in normal times is our second largest customer for cotton goods, has been in the throes of revolution. Up-country business has been at a standstill, the auctions having been shut down, and Chinese merchants, not daring to take the risk, have either cancelled their orders or refused to take delivery until the country settled down again. Are we to take no notice of such an upheaval as this, and to go on producing goods as if nothing had happened? One would think that no sane man would suggest such a course, for ruin must inevitably overtake anyone who so recklessly disregards facts. Every spinner will be glad to get his machinery running to the full limit at the earliest possible moment, but it would be the height of folly for anyone to make goods he could not sell. What we should do, instead of setting the law of supply and demand at defiance in this fashion, is to find scientifically what we are producing, delivering, and putting into stock, so that we can regulate our output and keep our trade solvent until such times as we can with safety put all our mills on full time again.

It would appear that merchants to-day, in their attitude towards spinners and manufacturers, are following upon the lines of those reckless individuals who, at the out-break of the war did their best to ruin the planters in their eagerness to snatch a temporary price advantage. The whole of our troubles to-day can be traced to the narrow,

selfish policy of a few men who, despite the warnings I gave to them, seized the opportunity at that time of getting cotton at a price far below the cost of production. It was particularly foolish to try and profit by the misfortunes of the cotton grower at a time when some of his markets were closed down, seeing that we had for years been suffering from a shortage, and the restrictions put upon production by planters afterwards are no doubt largely responsible for the state in which spinners and manufacturers find themselves to-day. If the merchant is to take the same course with the producers of yarn and cloth, what is likely to be his position in the future? He will undoubtedly find himself bare of goods at a time when the world is clamouring for increased supplies.

The year that has passed has been especially noticeable for the movement that has been made in many quarters towards putting spinning concerns on a more stable footing financially. Several of the mills that have made losses through over-production and under-selling, and in some cases through bad debts due to cancellation of orders, have made substantial reductions in their capital. Many of the "old" companies—that is to say, the ones that did not recapitalise at the time of the boom in 1919-20—have taken this action to signify repentence on the part of those who turned over their mills, but, as a matter of fact, the bulk of the money written off has had nothing whatever to do with the price at which mills were turned over. As I have said, over and over again, it is difficult

to see how a mill can be over-capitalised when it is impossible either to replace it or build a similar mill at the price at which it stands to-day; but one can readily see that something had to be done to bring mills more on a level with those which persistently refused to take note of the altered values in the cotton trade, and which were gaining a temporary advantage over their neighbours by paying out in profits what they ought to have been putting away to provide a sufficient depreciation account to meet the enhanced cost of renewals. A few mills were undoubtedly flagrantly over-capitalised, and these are now finding their level in a way peculiarly distressing to the deluded shareholders concerned; but I maintain that the majority of the mills in boom times did not have an extravagant price put upon them, and had we but regulated production to demand during the time that has elapsed since the slump began, we should have had little or no cause for meddling with the new capital values of our mills.

A remarkable justification of this contention comes to hand as I write, and it comes from the country which of all others is supposed to have done us most harm in cotton markets abroad. I refer to Italy, which we have been told by "Cotton experts" and "Special Correspondents" was robbing us of our lead in many countries, and especially those in the Far East. It will be of interest to quote what Dr. Giorgio Mylius, the President of the Italian Cotton Association, has to say on the matter. After showing that it is

a fallacy to imagine that Italy has gained an advantage owing to lower wages being paid to the Italian, Dr. Mylius says:

"The real advantage of the Italian product over the foreign article ought to be allocated to the fact that the Italian industry is selling with only a fair profit, while it ought to sell the goods at a higher rate. Calculating the cost account on the basis of the value of the plants as shown in the balance sheets is wrong; we ought to consider their present-day value. Almost all the Italian cotton mills were erected before 1914, consequently they figure in the balance-sheets at pre-war rates of cost; they have not been revalued as has been the case with many English cotton mills. Considering that the plants are wearing out, it would be wise if a replacement fund were established. Of course, this would increase the cost of production and cut down the profit."

As to the question of Italy having any hopes of injuring Lancashire in the great business of supplying the world with cotton goods, Dr. Mylius says:

"It is undoubtedly exaggerated to regard the Italian competition as a danger to the English cotton industry; it suffices to compare the English potentiality—60,000,000 spindles against our 4,500,000—in order to realise that we cannot hope to aspire to supplant our old masters. The Italian cotton industry does not ask any more than to be able to develop with success its activity and to consolidate the position it has gained in various

markets of the world for cotton goods "made in Italy."

No one begrudges Italy its full share of cotton prosperity, but, as I have all along contended, that share must naturally be a very restricted one in view of its machinery limitations and great extra cost. This applies to all or most other cotton manufacturing countries; they have nothing like sufficient facilities for supplying their own wants, let alone pushing us out of the great cotton-consuming countries of the world. This being so, the adjustment of cotton goods supplies in all parts of the world will have to come from Lancashire eventually. No other country can supply the world's wants, and in this reflection lie all our hopes for the future.

SPINNERS STILL DRIFTING AND LOSING MONEY.*

Partly owing to world conditions and partly to their own lack of enterprise and organisation, those engaged in the cotton trade of this country experienced in 1925 another year of poor progress and unsatisfactory returns for their labour. The home trade has been good, the Continental countries have in some instances increased their takings of yarn and cloth, but the great markets of the East,

* Written for the "*Nottingham Journal*", Jan., 1926.

to which Lancashire looks for the off-take of the major portion of its production, have again been very disappointing. China, which, next to India, has been our largest customer in the past, has been unusually backward in placing orders, and, judging by the latest news to hand, the prospects for a better settled country and an increase in trade are not too cheerful.

We were asked a year ago to wait until shilling cotton was available and immediately all the spindles and looms in Lancashire would be put on full time. American cotton of the middling grade is at the time of writing standing at 10¼d. a pound, but we wait in vain for that turn of the tide in our affairs which has been looked for any time during the past five years.

Meanwhile, we have all sorts of quack nostrums suggested for curing our ills, but up to now the one unfailing remedy to put a stop to our losses and keep us in good industrial health, continues to be ignored. I have stated publicly recently, that if the remedy were adopted to which I allude—that of substituting a comprehensive control of the industry for the reckless individualism that now prevails—we could bring the cotton trade back to a prosperous state in a month's time. This I maintain, for once we could deal with the trade as a whole, and stop the present over-production with its appalling losses, we need never have a return to the terrible conditions we have experienced since the slump began in the autumn of 1920. For some astonishing reason, the cotton industry sees one

trade after another reap the advantage of co-operation and scientific regulation of out-put and yet refuses to apply the principle to its own interests, which, because of its international character and the fact that the trade is subject to contingencies over which it has no control, demand these methods of organisation more than any other industry in the country.

More than three-quarters of our cotton products are sold to countries which are subject in unusual degree to physical and political misfortunes which at any time may wreck the best laid schemes of traders, and yet we have not supplied ourselves with the most elementary safeguards for meeting these mischances. No matter what may arise in such countries as India, China or Japan to dry up the sources of demand, we are so lacking in direction that we go on making goods as though nothing had happened, and the result is that we are soon so far over-produced that losses in realisation are inevitable. What I have for many years contended for, is that we should as an industry, and not as individuals, provide a means of guaging these eventualities, and having informed ourselves as to the actual and probable needs of our customers, should all conform to a scale of production which would prevent us from having to give our capital away as we have been doing so senselessly during the past four or five years.

It seems to be so obvious a proceeding that one would imagine that the mere suggestion of it would be sufficient to rally the whole trade on the

side of safety, but a recent decision of the executive of the Federation of Master Cotton Spinners' Associations seems to indicate that there are still a number of those engaged in the cotton trade, who are obstinately opposed to the setting up of a body which should have the necessary powers of oversight and control. One objection put forward is that the trade is too complicated to be ruled by any organisation such as that proposed; another, that such a scheme would be an unwarrantable interference with individual liberty: and yet a third section holds that to work such a scheme with the assistance and co-operation of the operatives as is suggested, would be an utter impossibility. To which I make reply, that I am not suggesting anything that is novel or has not been tried; that the Cotton Control Board we had in the last years of the war period showed that it was quite possible to do all these things which are now said to be incapable of performance; and that if the subsidiary trades of bleaching, dyeing and finishing can make a success by working on the lines that I am suggesting, that the spinners and manufacturers could do the same, seeing that the bleachers, dyers and finishers put the cloth through many more processes than those who spin and weave it.

Meanwhile the trade pays for its perversity by making losses such as no other industry in the country could have survived, and in order to cover these losses, shareholders in spinning companies are called upon to find more and more money,

and reductions in capital are made for the reason that there is no prospect of making good the deficiencies in trading. Many people make the mistake of imagining that the present cutting down of capital is due to an excessive " watering " at the time of the turn-overs, but more often one finds that it is simply a wiping off of adverse balances piled up during the slump, when a stupid competition for the greatly reduced trade of the world resulted in losses of anywhere between threepence and sixpence on every pound of yarn sold.

The losses sustained by mills in Lancashire, largely due to the refusal to tackle their difficulties on sane co-operative lines, have been colossal. A prominent member of the Oldham Shareholders and Loanholders' Protection Association submitted to the permanent head of the Board of Trade some time ago a list of 60 typical companies spinning American cotton whose shares were quoted in the Lancashire Sharebrokers' list. The total adverse balances of these mills was £4,900,000, or an average of £81,000 per company. One company had lost a third of a million, and two other firms had lost a quarter of a million. He stated that he had figures in his possession relating to a non-turn-over company which showed a credit balance of £137,000 in 1920, and four years later an adverse balance of £220,000. Apply these conditions to the trade generally, and one can get some idea of the ruinous conditions that have prevailed.

As was pointed out at the beginning of this article, great things had been expected of the

cheaper cotton which has resulted from increased crops in America and elsewhere, but so long as more goods continue to be made than are called for, so long will the trade find itself unable to benefit by the reduction. While buyers can see the possibility of making money by waiting for the realisation of surplus goods, they will refuse to enter the market on ordinary business lines, and business will suffer from hand to mouth buying. It will not matter a jot what the price of cotton is, indeed, we have many times had the worst trade when the raw material has been at extremely low levels. Again, it should be pointed out that the publication of futures prices is often very misleading, the basic prices upon which the spinners work being something totally different. A salesman writing to an Oldham paper recently said, "It is time yarn buyers at home and abroad were made to realise that the basic price of cotton is many times what it was in pre-war times. The futures price only is watched, but spinners spin cotton, not futures."

One is not saying, of course, that a plentiful supply of cotton at a reasonable price is not welcomed, but so far as sale margins are concerned, cheaper cotton alone is not sufficient to bring cotton spinners and manufacturers back to a position of adequate profits and security. Certain newspapers of late have been telling those in the trade that they do not know their own business, and that the way out of their difficulties is to set all their machinery on to full time working, cheapen pro-

duction, and the whole world will begin buying cotton goods again in pre-war quantities. I should like to ask these pundits of the press whether they do their own business on these lines. Not only are newspapers double the price they were formerly, but their publishers, we know, are guided strictly by their sales in giving their orders to printers. If this be so, why do they expect spinners of cotton to do otherwise? The fact is, of course, that no business can flourish for long which does not restrict its output as nearly as possible to the demand.

An Indian Government return shows that in the half-year ended September last, the imports of United Kingdom piece goods were 156,500,000 yards less than in the corresponding period of 1924, and the figures for the whole of 1924 were close upon 40 per cent below what we turned out in 1913 when running full time. Another item to hand is from the British Commercial Secretary at Shanghai, who says, "The past year has been a difficult and unprofitable period for firms interested in Manchester goods, and it would be idle to expect any great improvement for some time to come." In view of such reports as these, are we justified, one would like to know, in going on to full-time production? I say that it would be sheer madness, and the people who make such suggestions cannot have any but the haziest and most unpractical notions of business.

Much as we deplore the necessity of so doing, we shall be obliged to keep in step with demand

until such times as the world can afford to pay for the full production of our spindles and looms. This is the only way out of the situation. To do otherwise would spell bankruptcy for the majority of Lancashire spinning firms, for the mere cheapening of yarn by a penny or twopence a pound will not create a world demand under existing circumstances. Every little helps, we know, but our experience has been that whatever reductions we have made during the past four years—and they have in the aggregate been very considerable—have brought us not more than a nibbling demand.

Consequently, we in England, who depend for four-fifths of our off-take on over-seas trade, must take steps to protect ourselves until times mend. It is not, as one trade union leader stated recently, that employers "have arrived at a state of mind that desires to sit tight on a profit arrived at through short-time working rather than take a similar profit on a full-time working week." It is nonsense to talk in this fashion, and the proof that it is nonsense is to be found in the fact that despite all the appeals of the Masters' Federation, a certain number of spinners continue to disregard short-time recommendations and run more hours than in the general interest they are entitled to run. This has been the trouble all along, it is through the eagerness to work more hours than the position justifies that disaster has been brought upon the trade.

Those who are continually harping on what they regard as the full-production panacea, point to the

fact that certain other countries are working at full pressure, and this, as they allege, is allowing those countries to make inroads into our markets in the Far East and elsewhere. This argument, again, is absolutely fallacious. With the one exception of the United States, no cotton manufacturing country outside England has anything like enough machinery to supply the whole of its home needs. Most of them are engaged in the making of coarse goods, and some of these they do export, but nearly all the finer goods they require, and these in larger amounts than their own exports, come from England. The position is therefore that as the natives of tropical and sub-tropical countries are not so well off as they were before the war, owing to European countries not being able to take their products in pre-war quantity, they are obliged for the time being to purchase the cheaper kind of cloth goods that Italy and Japan, chiefly, produce. These goods in the ordinary way hardly come into competition with English goods, but they are no doubt being bought to a certain extent to fill gaps until the purchasing power of some of our old customers improves. And even if some of these countries are running longer hours or double shifts, as is reported, it must be remembered that they are in consequence running out their capital at a more rapid rate, and in view of the fact that no adequate provision is being made for replacements, these countries are likely before long to find themselves in great financial difficulty, especially seeing that machinery

costs twice as much to the foreigner as to the spinner or manufacturer in this country, and machinery in this country is double the price what it was pre-war. It is not the fact that any foreign country is taking Lancashire's legitimate trade in fine and well-made goods; the bulk of the stuff that is being sold in Indian markets to-day by foreigners is material which hardly comes into competition at all with the goods produced in this country. I am hearing constantly of people abroad who are bemoaning the fact that they are not in a position to buy Manchester goods, and they are promising themselves that luxury at the earliest opportunity.

In this connection, it is interesting to note that one of the remedies suggested to coax trade back again is to enter upon a world advertising campaign, it being argued that while Lancashire has the power to produce the finest of goods, she has not yet learned the real art of salesmanship. I question, however, whether advertising, so valuable in many other trades, would be of much service to the cotton industry. The difficulty to-day is not that buyers and sellers are unknown to each other or that they have not sufficient means of getting into touch, it is that at present the gap is too great between the price the producer asks and the money the consumer has available for clothing purposes.

Those who have seen the floor of the Royal Exchange in Manchester any Tuesday or Friday, when anywhere between 8,000 and 10,000 spinners,

manufacturers, merchants and shippers are congregated, will hardly say that opportunities for trading are lacking, while those who know anything of the volume of enquiry that is constantly pouring into the offices of merchants and shippers will say that whatever else may be said of Lancashire and its staple trade, it is not that it is unknown even in the remotest corners of the earth. If but one quarter of the enquiries of the past three months could have been transferred to the order books, the whole of the mills of Lancashire would now be on full-time working.

In England an advertising campaign would be of little use, seeing that the home trade has all along been good, and to undertake such a campaign abroad would be superfluous seeing that Lancashire goods are known to everybody, and would be purchased readily if sufficient means were at hand. Quality and reliability have been our watchwords in the past, and the world knows well enough where to come for the best-class cotton goods procurable.

To go in for a world-wide advertising scheme would simply add to our costs of production, and it is these costs that we are anxious to see reduced. What we want more than anything else in this direction is to be relieved of a substantial part of the gigantic burden of national and local charges we are carrying in order to honour debts incurred in the war, chiefly for our allies, many of whom seem in no great hurry to shoulder their own share of financial responsibility. Something of the extent of Britain's trade handicap in this

direction can be gathered from the experience of a firm of well-known English woollen manufacturers, which in pre-war days had a large and growing market in Canada. Lately, however, the concern has found itself cut off almost entirely from business in that country, by the under-selling of French firms. Buying their wool in the same market and at the same prices as their English rivals, the French manufacturers, owing to the fact that they are paying but a tithe of the money paid by the English in rates and taxes, while they are working longer hours and paying less in wages, are actually able to sell certain kinds of flannel in Canada at five pence a yard less than the English can make and export it. The cotton trade labours under the same disability as the woollen in this matter of taxation and the marvel is that these two trades are able to export as much as they do with this terrible handicap placed upon them.

With the world as it is, therefore, and with but the remotest prospect of production charges coming down to any appreciable extent, we shall be obliged to safeguard ourselves in other ways, and the surest and most effective way is to see that supply does not outrun demand and bring about the inevitable realisations at slaughtered prices. It is of little use to tell me that the yardage of cloth exported in 1925 is nearly as great as it was in the boom year of 1920; the question is, has that cloth been sold at a price which covers all the charges of manufacture and leaves a margin of profit for those who have invested their money in our mills.

In a great many instances, as we know, this is not so; on the contrary, we are aware that in scores of cases both spinners and manufacturers have been losing heavily, and this because they have failed to grasp the first essentials of conducting a business so gigantic in size and so wide in its ramifications. The day has gone past when every producer can be a law unto himself. The cotton trade calls for concerted action, it calls for scientific regulation, and it calls for a candid working arrangement between employer and operative. These objects can all be attained in the scheme put forward for the establishment of a Cotton Advisory Board, and the result would be not only to lift the trade out of its present difficulties, but to maintain the industry on a general level of safety and prosperity.

THE POSITION OF THE COTTON TRADE.

It is a marvel what industries, as well as individuals and nations, can stand in the way of adversity and still survive. Never once during the past six years, have I been able to say unreservedly that the trade has been good and that the capital employed in it has received a full and adequate return. I question very much if any other trade in the country could have stood such adverse conditions as the cotton industry has come through, and yet one's faith in its future remains unshaken, for the full and sufficient reason

that, unlike so many other industries, it is of its nature indispensable and, sooner or later, will come into its own. I am convinced that had there been breadth of vision on the part of those who have controlled the employers' organisations, the serious losses that have been sustained might have been materially mitigated. I have contended from the outbreak of war that had there been statistics of production, consumption and stocks, and supply regulated to demand, together with close co-operation between Capital and Labour, these losses might have been in large measure avoided.

Taken altogether, I think that the past year has been one of the gloomiest of the series, for in addition to all our other troubles we have been obliged to bear the burden of two strikes which have hit the cotton trade with exceptional severity. The General Strike, fortunately, was short if sharp, but the coal dispute has been long and devastating. The paying of 60/- or more a ton for coal of a very inferior quality has meant for cotton employers a serious extra burden in addition to the heavy losses the trade was already sustaining. When a spell of good trade does come, there will, no doubt, be a pretty general scrapping of steam engines and boilers and the installation of the long overdue motive power of electricity. Oil for driving does not yet find great favour in cotton mills, although one is aware of its proved success in other directions.

With the question of a better and more profitable trade is bound up much more than the introduction of new methods of driving, important as they are to the

employer and to the health and comfort of the work-people and the community generally. During the years that have passed since the slump in the cotton trade began in 1920, there have been no means available for the renewal and repairing of machinery such as the cotton trade has been accustomed to, and therefore I am afraid that when good times do come again many concerns will not be in a position to take full advantage of them,—a condition that equally affects the interests of employers and operatives. Operatives' leaders in conference recently seemed to imagine that the much-needed profits for the trade were all desired and intended for impatient shareholders, but money is wanted in the cotton trade at the present time for many things other than dividends. Besides, even shareholders who have been without dividends for five or six years are worthy of a little consideration, for it has to be remembered that the present holders of shares in many cases are not the same persons who benefited by the sales of the mills at the time of the re-capitalisations.

The year, indeed, has been a very trying one in many ways. The demand for both yarn and cloth has not shown that progressive increase we had hoped for, owing chiefly to the uncertainty of the price of the raw material. Although cotton goods are wanted in very large quantity all over the world, buyers could not be prevailed upon to operate except in the most meagre way, which can easily be understood, as by the time the goods were made and shipped they might be comparatively dear. It is all to the good that cotton should fall as far as it is economically possible,

for that means that eventually bulk business will be done, but while it is in the process of falling, the time is generally a very poor one for the spinner and the manufacturer, as has been the case during the past year, with the cost of carrying on the mills as great as ever. Although the price of the raw material has fallen, the other items that enter into the production of yarn and cloth are still at least 100 per cent. above pre-war, and thus it is impossible for any substantial reductions in cotton goods to take place for some time to come. The consequence has been that the producers of yarn and cloth have been greatly prejudiced, and while spinners have been forced to make many further calls on shareholders, a number of manufacturers in North-East Lancashire have gone into liquidation.

What price cotton will eventually reach in its downward course it is impossible to say, with a carry-over of nearly 5½ million bales and the prospect of the new American crop reaching 15,000,000 to 16,000,000 bales. But I doubt if it will get much below 9d. a pound for "middling" American quality, which is but 1½d. a pound more than it was pre-war, and any attempt to force it lower might seriously re-act against both producers and consumers in the future. In Egypt, where the fine cotton is grown, there is talk of limiting the area under cotton to one-third of the present acreage, and in America a new scheme is afoot to get the growers to plant less by adopting a scheme for holding up cotton when markets are unremunerative.

According to *Cotton News*, which represents the

American Cotton Association, plans are being developed, in co-operation with men of large financial means, for financing the carrying-over of surplus cotton upon the farmers' assurance that they will reduce the acreage planted with cotton in 1927. A proportionate part of the present crop is to be warehoused, financed and carried over through 1927, or certainly until it brings costs plus a reasonable profit to the farmer, on condition that the cotton grower executes a binding contract for an increased acreage in food, fuel and forage crops, which will automatically cause a percentage decrease in the cotton acreage for 1927.

My own suggestion for making a reserve of cotton in super-abundant years, made to the International Cotton Conference of Spinners, Manufacturers, Growers and Exchange men, held in 1907, at Atlanta, Georgia, U.S.A., had for its object not the restriction of cotton growing, but the keeping of a level of supply and prices in the lean years, and also in order to frustrate the nefarious activities of the gambler in cotton.

The year, indeed, has impressed upon us the lesson that trade does not inevitably follow the cheapening of goods. With cloth and yarn 20 to 25 per cent. cheaper than they were 18 months ago, mainly due to the fall in the price of the raw material, it was natural to expect a very substantial increase in demand, especially as our Far Eastern customers, particularly, have become better off with each year that has passed since the conclusion of the war. The explanation is, partly, that there has been little con-

fidence in raw cotton prices, and, again, that confidence has been weakened further owing to spinners and manufacturers refusing to stand together to maintain a level of prices sufficient to give them a proper working margin of profit.

The remedy that would without doubt bring back the industry to prosperity in a very short space of time, is to be found in the adoption of effective control on scientific and compulsory lines. This is the trend of all industry to-day, and directors of cotton companies are guilty of the culpable misuse of the resources entrusted to them in not adopting this policy at once to save the trade. I am more than ever convinced that we shall have to adopt a scheme of control sooner or later, for only in that way will it be possible to prevent weak sellers from bringing disaster upon the whole industry.

With such a scheme in operation it would not be long before the confidence of buyers, as well as of sellers, would be restored, and we could look forward to an ever-increasing volume of trade. That this is so is shown in the latest report of His Majesty's Trade Commissioner at Calcutta. The prices of cotton goods and, in a lesser degree, of raw cotton, were a year ago entirely out of tune with the general price level, he says, but raw cotton appears now to have returned very nearly to its pre-war relation to other prices, and this fact holds out the prospect of an increased volume of trade in cotton piece goods as soon as prices become steadier.

Then again, the quality of British cotton goods is regaining favour in all parts of the world. When we

had difficulties in exporting our products in war time, there is no doubt that Italian, Japanese, Indian, and other foreign manufacturers took advantage of the situation and gained a small amount of our trade, but the proved reliability of British products is bringing this so-called lost trade back to us. A letter quoted by a Manchester newspaper shows how idle it is to talk of other countries having "captured" Lancashire's textile trade. It is from an important South American firm, and the writer states "that for some time he has been relying upon Italian and Japanese manufacturers, but that he will do so no more. He states that there has been continual cause for complaint on account of cloths that were defective, of incorrect counts of yarn, of lengths found to be shorter than charged, and of widths under specification," and he winds up by saying "that he is glad to have re-established relations with an English house, and admits that he and others of his countrymen have come to realise, by experience, that there is no cloth like Lancashire cloth for excellence and value, and no firm like a Lancashire firm for uprightness of dealing."

A HALF CENTURY OF MANCHESTER LIFE*

Some Notes on the Progress of Our Northern Metropolis.

The world moves with such astonishing rapidity in these days that it is almost impossible for the younger generation to conceive the changes that have taken place in a city like Manchester since the day I first set foot in it, sixty-four years ago. When one remembers that many of the things around us that are so common and matter-of-fact to-day were not even invented at that time—motor traction, flying machines, telephones, wireless telegraphy, and so forth—it is difficult to visualise the state of things as they first appeared to me in the second year of the Cotton Famine, when I came from Scotland as a youth to get an insight into business affairs in Manchester. For the purposes of this article we can confine our survey to the half-century or so during which I have been actively engaged in the cotton trade, although as a matter of fact I came here in my seventeenth year, went back to Scotland to another appointment a year or two later, but returned to Manchester again at the age of 23, from which time my connection with the city has been unbroken.

Manchester, as can well be imagined, was a vastly different place when I first knew it from what it is to-day. It was, with Salford, a place with a population of about 450,000, and the two places sent three

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members to Parliament. Manchester and Salford to-day form a community numbering over a million inhabitants; within 25 miles of the city there is a population of four and a half millions, and, as showing how densely packed is the district of which Manchester is the centre, there is actually within a radius of a hundred miles a population half the size of that of England and Wales, or as many as the total white population of the British Empire outside the British Isles.

It has been argued that if a new capital of England had to be chosen nowadays it would, if the best interests of the country were served, have to stand where Manchester now stands, that site being the most convenient of access for the majority of its inhabitants. As a trading centre it is without question the most important in the country. As it is, Manchester is now quite metropolitan in character, seeing that it ministers to the wants of every part of the earth and has resident within its borders representatives of every country and every trading interest in the world.

Manchester was, in fact, just an awkwardly-built, overgrown town when I came to it in 1862, a place conscious of its ever-growing importance, but lacking a great many of those essentials which make for civic convenience and impressiveness. It was, of course, a busy trading centre, but its suburban life as we know it to-day scarcely existed, the outskirts being studded with villages and hamlets which had little or no unity, corporate or otherwise. Perhaps nothing can better illustrate the growth of the Manchester area than a

reference to such amenities as parks and recreation grounds. When I first knew Manchester it had but two parks provided by public subscription (Philips Park and Queen's Park) and Salford had one (Peel Park). Now there are no fewer than 96 parks and open spaces, 72 in Manchester and 24 in Salford, covering an area of over 2,000 acres.

The present Town Hall in Albert Square was not built, and the centre of local administration was in King Street, in a badly-cramped and closed-in position. The foundation stone of the present Town Hall was laid in 1868, but it was not completed until nine years later. Cobden in 1845 described Manchester as the shabbiest city in Europe for its wealth, but the new Town Hall, which cost the city nearly a million of money, was described when opened as a structure probably unequalled for size, completeness, and adaptability for its purpose among the municipal buildings of Europe; and yet, as showing how great has been the advance since then, the building is now regarded as totally inadequate to present needs.

At all events, the new Town Hall seemed to be the starting-point and inspiration for a new order of things. The city seemed to begin from that time to extend its borders faster than ever, great blocks of buildings began to rise to displace smaller structures both in the main and the subsidiary streets, and the whole character of the place changed from that of a busy town to an imposing and important-looking city. People began to turn their attention to bigger things altogether, and a great step forward was taken when it was decided to make Manchester a port.

It is the fashion nowadays to sneer at Victorian times, but it was undoubtedly the era of great invention and achievement. Sir Edmund Gosse, I notice, in putting on record his early experiences, remarked in a London paper the other day, "I may claim to be a Victorian, and I do—proudly." As Sir Edmund is four or five years my junior, I may claim even more to be a Victorian, and I do so with equal pride, for I question whether any age produced such a number of great men devoted to the advancement of science and art and the general uplifting of their fellow-men. Think of what a monument of endeavour is the old Free Trade Hall in Manchester, and what a succession of famous reformers have held forth within its walls! Those who would belittle that reign would do well to remember the "platform" at the opening of the Manchester Free Library, for instance. Those present on that occasion, we are told, included Earl Shaftesbury, John Bright, Charles Dickens, William Makepeace Thackeray, Bulwer Lytton, Sir James Stephen, and Monckton Milnes.

These were, I admit, great national personages, but we had in Manchester, also, a group of men not less devoted to the welfare of the community. Think, for example, of Cobden and Bright, of the men who evolved from the business which started at Penniless Hill and the various taverns in the town, an Exchange with a membership approaching 12,000, and a main floor space of 8,222 square yards—the largest commercial trading centre in the world. Around the two main domes of the Exchange are inscribed the words:

1. "A good name is rather to be chosen than

great riches, and loving favour rather than silver and gold."—Prov. xxii.

2. "Who seek to find eternal treasure must use no guile in weight or measure."

Think again, of those who fought the tyranny of vested interests that sought the ruin of the Ship Canal scheme—Daniel Adamson, Marshall Stevens, George Hicks, J. K. Bythell, John A. Beith, and many others —none of whom has ever received his full meed of praise and appreciation.

For the past forty-six years I have been placed in a position which rendered it necessary for me to take cognisance of and participate in many of the public-spirited movements that have been inaugurated and carried out during that long period, and there are few men who have excited my admiration so much as Daniel Adamson, who no doubt shortened his career of usefulness by the extraordinary energy with which he prosecuted his great life's work of freeing Lancashire from the railroad "rings" and taking a leading part in the promotion of that great waterway which cheapened carriage, expanded trade, and brought about a new era of prosperity for the toiling millions of Lancashire and Yorkshire. I remember well the state of things in the late 70's and the early 80's when trades were being transferred from Manchester and there were ten thousand empty houses to mark a steady migration to other centres, and I remember also how the Ship Canal project gradually stemmed this current and brought about that improvement which, despite all obstacles, has been steadily and increasingly maintained during the thirty-two years that

have passed since the canal was thrown open to the mercantile trade of the world. Nor has Liverpool had cause to be jealous of the Ship Canal's progress, for the rise of Manchester to the position of fourth port in the United Kingdom has done no injury to the tonnage of Liverpool. Indeed, a considerable development has taken place in Liverpool's position, proving conclusively that broad views and foresight are not obstacles to real progress.

The shipment and trade in raw cotton, as well as the export of manufactured cotton goods, had for long been looked upon as Liverpool's own prerogatives; it was, therefore, natural that the Manchester enterprise should meet with much hostility, and at the outset the trading results were admittedly disappointing. But, as the fortunes of the Ship Canal were bound up largely with those of the cotton trade, means had to be found to make effective the purpose for which the great waterway had been constructed, and I was asked as the President of the Master Cotton Spinners' Federation to take a lead in the establishment of a further venture to encourage the direct importation of raw cotton to Manchester.

Out of a great meeting over which I presided in the Victoria Arcade the Manchester Cotton Association sprang in November, 1894, and over this body I presided for the first five years of its existence. They were years in which we were in constant conflict with Liverpool—indeed, on one occasion when we went to Liverpool to forward Manchester interests we were practically mobbed,—and it is only of recent years that Liverpool has taken note in its official statistics of the

raw cotton imports to Manchester, forwardings to the mills, and stocks of cotton held in Manchester, though Liverpool still refuses to recognise cotton lying in Manchester as a legitimate tender against their futures contracts. But despite all opposition we went forward, and when I retired from the presidency of the Association in 1900 the seasonal importation of cotton by the Canal had grown from 64,000 to 550,000 bales, while now the shipments have reached about 700,000 bales. More than half the Egyptian cotton imported by England comes to Manchester, the bales being half as heavy again as those which come from the United States of America.

The city has been the birthplace of many great causes and the home of enterprises by which the whole world has benefited. It is in Manchester that some of the keenest battles for Free Trade have been fought, and I myself have worked strenuously to oppose Protection in any shape or form, being convinced that the cost of equipment and production of our mills would be greatly enhanced by its adoption and that our gigantic export trade in cotton goods would gradually pass into other hands. In pursuance of this belief, although I have never taken part in party politics, I denounced the policy at several elections and strenuously opposed Mr. Bonar Law, who came as the Tariff Reform candidate for the North-west Division of Manchester in 1910, and was defeated. On that occasion I obtained in two days the signatures of over 800 representatives of great cotton firms, as well as a large number of others, to a manifesto in favour of Free Trade. The leaders

of the Lancashire operatives unanimously denounced the introduction of Protection.

The great gamble in cotton in 1903-4, when the notorious Sully sought to "corner" the American cotton crop, was defeated by the counter-move on the part of the Lancashire employers and operatives in reducing the working hours of the mills from 55½ to 40 till the new crop came in. This crisis led to the inauguration in Manchester of the International Federation of Master Cotton Spinners' and Manufacturers' Associations, which marked the birth of the first real League of Nations ever established for the orderly and peaceful development of the world.

I am proud to have been associated with the initiation of another great organisation which embodied the international idea in another form, which was originated by an American citizen, David Lubin, who had been working in vain for years to establish an International Institute of Agriculture. I used all the influence which my position as president of the International Cotton Federation afforded me to assist Mr. Lubin. The King of Italy was greatly enamoured of Lubin's scheme for setting up an observation post from which the harvests of the world could be surveyed, and he provided, at his own personal expense, magnificent headquarters for the Institute at Rome. The representatives of 77 States are now co-operating in the work of the Institute, which may be said to be largely responsible, in connection with the International Cotton Federation, for the feeding and clothing of the people of the world.

Another of Manchester's great movements was the

establishment of the British Cotton Growing Association, of which I was asked to be the first chairman. This position I was compelled to decline, though I have always rendered to the Association whatever assistance I could.

The leading part which Manchester has taken in the adoption of inventions and discoveries for the comfort and health of its inhabitants should not be overlooked, and in the forefront of these I would place its great electrical schemes, for the development of which Mr. S. L. Pearce, chief engineer and manager of the Manchester Corporation Electricity Department and now Commissioner of the Government Electricity Commission, deservedly gained a national reputation. It was largely on the recommendation of Mr. Pearce that I introduced, 19 years ago, electrical driving into the mills of Henry Bannerman and Sons, Limited, a pioneer work which has not only been of great advantage to the concern of which I am the head, but which has been the means of popularising electricity in a great many of the mills and workshops in Lancashire.

It would require a volume rather than a page to set forth adequately the city's achievements during the past half century, for, rightly understood, Manchester, as Disraeli testified, is "as great a human exploit as Athens."

I should like to pay tribute finally, to the manner in which Manchester has supported those social and other enterprises with which I have identified myself, apart from my other public work. I have the most grateful recollection, for instance, of the manner in

which Manchester and Salford assisted when first I established the Lifeboat Saturday movement. It was no light matter to undertake a campaign to raise the funds of the Royal National Lifeboat Institution to £100,000 a year, but after the generous public response made at the time of the terrible lifeboat disaster in 1886, when a sum of £33,000 was raised in a little over a fortnight to provide for the dependents of the brave men who lost their lives, I decided to make the effort and to open the campaign in Manchester and Salford, believing that there were no more generous and public-spirited people in the whole country than in these cities.

The experiment was eminently successful. Manchester and Salford, which had formerly contributed to the funds about £200 per annum only, soon averaged over £4,000 per annum, and Lancashire and Yorkshire raised their contributions from £3,000 to £21,000 in the first year. The income of the Institution when I made my appeal to the public in 1891 was £72,000 from all sources, but in 1924, its centenary year, it had risen to £297,000, with Manchester and Salford at the head of the list of contributors. I have always found that Manchester and Salford have never failed to respond to any good cause when an appeal has been made to all classes of the community and there has been efficient organisation for securing the contributions of the million.

ECHOES OF OLD MANCHESTER.

Civic Week Reflections and Suggestions, written for the *Manchester City News.*

In looking over the old records of Manchester there is nothing which impresses one more than the way the " fairest, best-builded, quikkest and most populous tounne in all Lancashire " has in the past risen to emergencies, and by sheer grit weathered the recurring periods of storm and stress in the great industry with which it is so intimately and so worthily associated; and a glance at some of the earlier troubles which befell the world's cotton spinning and manufacturing centre and the way they were overcome is not only instructive but full of encouragement for those of us who are engaged in finding a way to extricate ourselves from the difficulties in which we have been immersed as a result of a great war. In perusing these old-time chronicles there is one conclusion, at least, that we have no difficulty in arriving at, and that is that we have learned to compose our differences in a much more civilised way than did our grandfathers, or even our fathers, for the matter of that. Indeed, we have many points upon which we can congratulate ourselves if we compare things as they are to-day with what they were fifty to a hundred years ago.

If we go back to the year of Trafalgar—or, at all events, the years preceding and following 1805—we

are struck not only with the frequency of the disputes, but the brutality and savagery with which they were conducted on both sides. The second half of the eighteenth century and the first quarter of the nineteenth were prolific in riots due to dear and scarce food and to the dislocation caused by the introduction of steam-driven machinery. In 1757, in the food riot known as the Shudehill Fight, four persons were killed, and every few years from that time onward factories were attacked and burned and machinery destroyed; the whole of that disturbed period culminating in the tragedy of Peterloo, in 1819.

What strikes one, too, is the readiness with which people fell into panics, which caused most disastrous runs on banks, and in other ways did enormous injury to trade. These panics were no doubt due largely to lack of information on the part of the public, which must always be the case when newspapers are few and hedged about with all manner of harassing restrictions. One of these panics, which took place in 1825, was caused by the idea getting abroad that certain banknotes that had been put into circulation in large numbers were of doubtful value. A wild desire overcame the public to get rid of the notes, and as there was not bullion enough at the banks to satisfy the demand for conversion into gold, the paper was pressed for payment everywhere—and refused! The consequent confusion had the effect of bringing business to a standstill. Cotton mills were closed, and tens of thousands of operatives thrown out of employment. Sixty country banks stopped payment, and bankruptcies innumerable were the consequence.

The affair had its amusing side, for bankers and others had to set their wits at work to gain time and stave off the runs that were being made upon them. The tale is told of how the head of the firm of Cunliffe, Brooks and Co. won through by his ingenuity and imperturbable coolness. When the rush for gold was becoming very serious Mr. Brooks obtained from Shudehill a number of sacks of meal, opened them at the top, put a good thick layer of coin upon the contents, then placed them, untied, where the shining store would be visible to all comers. The ruse succeeded, the resources of the Bank were considered exhaustless, and the few days' time required was secured.

In one instance the money of the bank was saved by making heavy payments to confederates, who as fast as they drew the coin slipped round to the back door and handed it back, and then entering by the front door drew the money over again. In one case peck measures, inverted, were placed in the bank windows facing the street, a pile of gold upon the top, and at another bank the coins were heated in shovels over the fire in the parlour behind, the cashiers explaining to their customers, who were unable to handle them, that they were hot owing to the fact that they were only just new minted.

Nothing is so surprising in these old records as to see the way in which history repeats itself with regard to recurring boom and slump in the cotton trade, and how the same obstacles and difficulties presented themselves again and again. For instance, there were at times just the same difficulties with overseas trade

as we have to-day. In the time of the East India Company there was a great deal of grumbling about the way that Company kept us out of the markets of the East, while there was the same trouble with foreign defaulters at the end of the eighteenth century as we have had during the recent war. In 1794 merchants and manufacturers who had dealings abroad had to band themselves together to detect foreign swindlers and "expose chicanes and persons void of principle and honour in their dealings." They proceeded to make a black book, in which were inserted the names of foreign firms who had been found unworthy of confidence.

But wherever one delves into the history of Manchester and the development of the cotton trade one cannot but admire the sturdy way in which the older generation confronted and overcame obstacles in the path of progress. They built up their trade to vast dimensions by hard work, frugality, and by keeping abreast of discovery and invention. This spirit we would do well to recapture to-day, when there is so great a tendency to become fatalistic and to rely too much on circumstances shaping themselves rather than on ourselves shaping the circumstances. I cannot for a moment imagine that those who built up the cotton trade in earlier days would have been content to see matters drift as they have been allowed to drift during the past twelve years. They were people who created precedent, not who sought out precedents to follow.

They would, for instance, have seen the advantage of combining their forces for their own preservation

during the time of unexampled difficulty we have had in the cotton trade since the slump began, and would have considered it to be a slight on their reputation as business men and a reflection on their sanity to have distributed their capital to their customers abroad as the spinning and manufacturing sections of the cotton trade have done for the past six years.

I have said that a characteristic of the spinners and weavers of an earlier day in Manchester was to keep themselves abreast of discovery and invention. In this respect the modern employer has been curiously lax. It is a remarkable thing, for example, how few have taken advantage of electricity for the driving and lighting of their mills, and how little regard they have had not only for the comfort and convenience of those they employ but for the cleanliness and healthiness of the neighbourhoods where their goods are produced. At a time like a Civic Week there ought to be a great mental stocktaking, and we ought to see what can be done to help forward the admirable work of cleaning the atmosphere and making our cities and towns more habitable. The day has long gone by when we can look with pride on the possession of obnoxious boiler furnaces and dirty factory chimneys.

As things are going, however, civic authorities can look to the future with more complacency than hitherto, for events in the coal world are so shaping themselves that in a few years' time factory owners will find themselves obliged to find a cleaner and up-to-date motive power. We shall awake to the fact that we cannot afford to be constantly at the mercy of

either the coal owners or the coal miners; and, moreover, we shall find that we can put coal to much more useful purposes than shovelling it into a fire box and allowing it to be drawn half consumed out of the top of a high chimney.

We are at the parting of the ways so far as coal is concerned, for a great but peaceful revolution is going on in the world of industry, and coal is being slowly but surely ousted from its old-time position. The Prime Minister stated in Parliament recently that there was as great a change coming over the coal industry as came over the textile industry when steam displaced hand labour. I agree, although I do not agree that the lengthening of miners' hours will help to solve the coal problem as it stands to-day. We are producing too much and not too little coal, and in the future we shall require neither as many men nor as many hours to raise the coal that will be wanted. The sooner the parties concerned see the real drift of things the better it will be for those who own and work the pits and for the country in general.

Appendices

THE INTERNATIONAL INSTITUTE OF AGRICULTURE.

In the interest of international co-operation, and to further a cause in which I have actively participated for more than twenty years, I have decided to reproduce here a chapter from a book written by an American, setting forth the aims and objects of the International Institute of Agriculture, founded in Rome in 1905. This volume, entitled "Understanding Italy" (published by John Long, Ltd., Norris Street, Haymarket, London, price 15/- net), is by Clayton Sedgwick Cooper, an author who has done much to inform the world with the actual facts regarding the economic position and social condition of many countries he has studied at first hand and with an unbiased mind.

His task in the section of the book on Italy to which I refer must have been a congenial one, seeing that he had to deal with the work of a compatriot whose labours for the general welfare have never been sufficiently recognised, and whose great scheme for assisting the agricultural community by means of reliable statistics showing the incidence

of the world's harvests, is yet, I regret to say, neither so well known nor so clearly understood as it ought to be.

I knew, intimately, David Lubin, the American who founded the International Institute of Agriculture, and I gave him all the assistance I could when he started to put into practical shape his plan for taking a comprehensive survey of the harvests of the world and putting into the hands of farmers the data necessary for the better raising and handling of food crops. He had met with but indifferent success with the venture when he first came to me and asked me to summon a meeting of the newly-formed International Cotton Committee, of which I was president, in order that its influence could be brought to bear upon the heads of the various countries to which our members belonged. I found, however, that his scheme was in so nebulous a state that I could scarcely go so far as he wished, but as one who had always been interested in Agriculture, I was greatly impressed personally, and I entered whole-heartedly into the project he had in hand.

Lubin at that time was disappointed with the result of the campaign he had carried on in various

countries in Europe he had visited, and had been driven almost to the point of despair by the coldness and indifference of the State officials to whom he had outlined his plan. The one bright spot in his campaign had been provided by the King of Italy, who, being an enthusiast in Agriculture, was deeply impressed with what David Lubin told him. Lubin was elated at securing the King's interest, and boldly remarked to his Majesty, "Sir, you are still a young man, but by this act you may go down to posterity with a greater record than the Cæsars."

Nevertheless, the man who had uttered this impulsive statement, was, on reflecting upon the meagreness of the support he had received elsewhere, greatly depressed. Usually of a sanguine temperament and with a glowing enthusiasm for his scheme, he could not understand such indifference, and was, in consequence, deeply grateful when I promised that I would begin a crusade on his behalf, and would try to interest the Government of my own country, and those of one or two others, in his excellent and most valuable plan. Once the sympathies of one or two of the foremost Governments had been aroused, I felt that the rest would be easy.

Accordingly, I went up to London and sought an interview with the Secretary of the Board of Agriculture. As I dilated upon the many benefits which would accrue to Agriculture by such a scientific scheme as that which Lubin was advocating, I gradually gained promises of support. Later on, I saw the Director of the French Department of Agriculture, and the French Government agreed to provide its proportion of the funds necessary for carrying on the work to which the King of Italy had given his valuable support.

When I returned to England I interviewed Mr. Asquith, then Chancellor of the Exchequer, and he promised also to do all he could to give effect to my recommendations. With England, France and Italy in favour, the battle was won. The King of Italy, at his own personal expense, provided magnificent headquarters for the new Institute at Rome and when I had the honour of being received by his Majesty, soon after the Institute had begun to render its great service to the industrial and commercial world, he referred repeatedly to the timely assistance I had been able to render at a very critical moment. The whole circumstances of the initiation of the Institute are given in my book "Recollections," published by Cassell and Company Ltd.

I should like to say that since the following article from "Understanding Italy" was written, the work of the International Institute of Agriculture has grown almost out of recognition. At the time the author wrote his book, there were 55

states co-operating in the work of the Institute, now there are 77 affiliated and are receiving the valuable bulletins which are now issued.

The following is the extract taken from Mr. Cooper's book :—

Among the ties that should bind Italy and the United States more closely is the International Institute of Agriculture, founded in Rome through the munificence and far-sightedness of King Victor Emmanuel and the indefatigable effort of an American citizen, Mr. David Lubin, with whom the idea originated.

After repeated attempts with various governments, Mr. Lubin, who had devoted his life to the idea of an international agricultural entente, laid his plan before the King of Italy. The King saw in it the opportunity for wide usefulness and recommended it to Giovanni Giolitti, who was at that time prime minister. In view of the growing importance of this institute and its service to the cause of agriculture the world around, the king's original letter to Giolitti becomes a document characteristic of the wisdom of Italy's ruler :

Dear President :

Mr. David Lubin, a citizen of the United States, has made a proposal to me, with all the ardor of sincere conviction, and it seems to me both wise and useful, and I therefore recommend it to the consideration of my Government.

Farmers, who generally form the most numerous

class in the country and have everywhere a great influence on the destiny of the nation, cannot, if they remain isolated, make sufficient provision for the improvement of the various crops and their distribution in proportion to the needs of consumers, nor protect their own interest on the market, which, as far as the more important produce of the soil is concerned, is tending to become more and more one market for the whole world.

Therefore, considerable advantage might be derived from an international institute, which, with no political object, would undertake to study the conditions of agriculture in the various countries of the world, periodically publishing a report on the amount and character of the crop, so as to facilitate production, render commerce less expensive and more rapid, and establish more suitable prices. This institute, coming to an understanding with the various national offices already existing for the purpose, would also supply information on the conditions of agricultural labor in various localities, so as to serve as a safe and useful guide for emigrants; promote agreements for mutual defence against diseases of plants and animals, where individual action is insufficient; and, finally, exercise an action favourable to the development of rural co-operation, agricultural insurance, and credit.

The benefit obtained by means of such an institute, a bond of union between all farmers, and consequently an important influence for peace, would certainly be manifold. Rome would be a suitable

place for its establishment, at which the representatives of the adherent states and the larger associations concerned might assemble, and harmonise the authorities of governments with the free energies of the farmers.

I am convinced that the nobility of the aim will suffice to overcome the difficulties of the enterprise.

And in this faith I sign myself

Your affectionate cousin,

VICTOR EMMANUEL.

Rome, January 25, 1905.

The king also showed his characteristic generosity by following his letter with the gift of a magnificent palace in one of the most beautiful positions in the Villa Umberto I, on the Pincio, that historic promenade which is known so well to all visitors in Rome. The writer had the pleasure of visiting this institute, meeting the directors, and inspecting the really remarkable work that is being accomplished as the result of Mr. Lubin's vision and Victor Emmanuel's munificence. The palace is a kind of Pan-American Union building, representing for world agriculture what Mr. Carnegie's gift in Washington represents as a bond of political and social union between the North and South American republics. The work that is being carried on in this building, utterly without advertising, is so great and important to the United States, as well as to the other constituents of the institute, that one is amazed that its service has not become better known and more thoroughly utilised in America. It calls together with regularity the representatives of

fifty-five governments, who have ratified this international agricultural treaty; the delegates sitting in these sessions represent a total globe population of 1,700,000,000 inhabitants.

The veteran Roman senator Luigi Luzzatti, always keen to sense movements that have utilitarian and altruistic benefit, comprehended the value of Mr. Lubin's idea and, joining with the king, invited the states to an international conference to be held in Rome on May 28, 1905, a few months after the date of the king's letter. All the most important countries accepted the invitation, and as a result of the conference a treaty was consummated on June 7, 1905. This treaty formed a permanent International Institute of Agriculture, established in Rome, in which each adhering power is represented by delegates of its choice. The institute is administered by a general assembly, and by a permanent committee to carry out the decisions of the assembly. Article IX of the treaty defines the objects of the Institute, which are as follows:—

The Institute, confining its operations within an International sphere, shall:

(a) collect, study and publish as promptly as possible statistical, technical, or economic information concerning farming, vegetable, and animal products, agricultural products, and the prices prevailing in the various markets;

(b) communicate to parties interested, also, as promptly as possible the above information;

(c) indicate the wages paid for farm work;

(d) make known the new diseases of vegetables, which may appear in any part of the world, showing the territories infected, the progress of the diseases, and if possible the remedies which are effective;

(e) study questions concerning agricultural co-operation, insurance, and credit in all their aspects; collect and publish information which might be useful in the various countries for the organisation of work connected with agricultural co-operation, insurance, and credit;

(f) submit to the approval of the governments, if there is occasion for it, measures for the protection of the common interests of farmers and for the improvement of their condition after having utilised all the necessary sources of information, such as the wishes expressed by International or other Agricultural Conferences, or by Congresses of Sciences applied to agriculture, or Agricultural Academies, learned bodies, etc.;

The Institute shall have no competence in any matter affecting the economic interest, the legislation, or the administration of any particular state.

Virtually the whole civilised world is now associated in the work of this institute, as the following independent states are the only ones in Europe that have not yet adhered to the treaty: the Kingdom of Albania with about 800,000 inhabitants, the Republic of Angora with 5,231, the Principality of Monaco with 19,121, and the Principality of Lichtenstein with 9,900. In the Americas the states outside the insti-

tute are Bolivia with 2,255,000 people, Haiti with 2,500,000, Honduras with 554,000, Panama with 240,000, Santo Domingo with 700,000, and Venezuela with a population of 2,750,000.

In Africa the single Republic of Liberia with a population of 1,500,000 is not represented. In Asia, the unrepresented sections are the Sultanate of Oman with 500,000, Afghanistan with 6,000,000, the state of Bhutan with about 250,000, the Kingdom of Nepal with 5,000,000 inhabitants, and the Kingdom of Siam with a population of about 6,500,000. In other words, of the entire population of the globe, which is estimated at 1,730,000,000 people, not more than 29,000,000 belong to independent states not yet related by membership to the International Institute of Agriculture at Rome. There is perhaps no international body to-day that is so fully representative of the peoples of the earth as this institute, calling together on the Pincio at Rome at regular intervals the nationally appointed delegates of every highly influential country on the globe.

The large edifice owned by the institute furnishes offices for the president, vice-president, and delegates; and there are large halls for meetings, reception rooms, various offices for the staff, a library, and in the basement a large printing press, where the institute publishes its own printed matter and reports, which are sent regularly to the different nations.

The staff of the institute is international in its character. There are about 100 employees, not counting messengers and printers, and these employees are distributed according to nationality as follows: fifty-

six Italian, ten British, eight French, eight German, five Spanish, four Austrian, four Swiss, three Hungarian, two from Luxembourg, two Russian, and one Portuguese. There are also a considerable number of translators employed. The revenue of the institute consists of 300,000 francs a year from the king of Italy; the contributions from the adherent states; interest on reserve fund; and proceeds from the sale of the institute's publications. Before 1913 the unit of the annual contribution of the adhering states was 1,500 francs; since 1914 it has been raised to 2,500 francs. The revenue from this source for the year 1914 was estimated at 845,000 francs. The revenue for the year before the war was 1,172,835 francs. The reserve fund accumulated up to that time was about 500,000 francs. The institute is therefore handicapped in the prosecution of its work by the lack of funds. It is remarkable to see what is being done upon so small a budget.

The library of the institute is growing rapidly, having more than 33,000 volumes and more than 28,000 pamphlets, receiving regularly 2,300 periodicals, daily, weekly, and monthly, from all parts of the world. In addition to the chief daily papers and periodicals of general character of every country, the library contains the principal agricultural, economic, and statistical papers from the wide circle of nations in its membership. The library publishes a weekly bibliographical bulletin giving the titles of books received, as well as titles of summaries of the chief articles bearing on agricultural subjects appearing in the papers.

The work of the institute is divided amongst four bureaux: a general secretary's department and library; a statistical bureau; a bureau of agricultural intelligence and plant disease; and another devoting its efforts to the gathering and distributing of economic and social intelligence. The bureau of agricultural intelligence collects a very large number of documents and facts relating to agricultural legislation, publishing a year-book on the subject. In the year-book is reproduced the full text of the most important laws and regulations relating to agriculture the world around promulgated in the preceding year. Invaluable and exhaustive information is presented upon such subjects as live stock, vegetable products, the production and manufacture of animal products, plant diseases and animal life injurious to agriculture, agricultural co-operation, insurance and credit, home colonisation and bureau of holdings, relations between capital and labour in agricultural activities, health of farmers, and rural police.

Considerable attention is given to the gathering of reliable data for distribution among farmers relative to the state of the world markets, and the supply and demand for agricultural products. The importance of knowing promptly the state of crops and the estimated and actual harvest, together with wholesale and retail prices, fluctuations, freights, etc., is of vital importance to the farmer. Every month the statistical bureau publishes a bulletin of agricultural and commercial statistics, the information being supplied by letter and telegraph from the various governments. This information relates to the agricultural produc-

tion of the entire world, the area sown, state of the crop, harvest yielded, import and export trade in the principal agricultural products, their price, and the amount of visible stocks. The information contained in the bulletin is communicated to the world press, being issued in five editions at once—French, English, German, Italian, and Spanish.

The year-book of agricultural statistics contains the latest information concerning the live stock and crops in the fifty-five states belonging to the institute. The year-book goes into considerable detail relative to the area and population of the adhering states, their productive and non-productive areas, production and yield per hectare of the principal crops, with special attention given to such agricultural products as cereals, potatoes, beet-root, sugar cane, grapes and wine, olives and olive-oil, coffee, hops, tobacco, cotton, flax, mulberry leaves and cocoons. There is also a thorough informational report on the different kinds of live stock in the various countries, and detailed mention is made of the various sources from which figures are obtained. The year-book is published in French only, but it contains tables in five languages, rendering the information accessible to the various nations.

There are many monographs published by the bureau relating to agricultural subjects and the foreign trade of the different countries. There is a monthly bulletin giving a review of all the important events occurring in the field of agriculture and economics, and the legislation of the various countries bearing on these subjects. The extension of co-opera-

tive credit systems in the agricultural regions has been a part of the work of the institute. As one result of this propaganda, the Southern Commercial Congress, when it assembled at Nashville in 1912, decided, with the assistance of the Federal Government, to send a commission of farmers and men of science to Europe —two representatives for each state of the Union— to study the co-operative credit institutions that had been made known by the institute publications. This commission made a wide tour through the states of Europe and published three volumes of reports of its findings.

One of the important works of the institute, through the bureau of economic and social intelligence, is to issue every month in five languages a pamphlet of information for the press of the entire world, reproducing the chief findings of the bureaux of the institute during the preceding month. These reports are sent to the agricultural press of the various nations, giving an opportunity for the poorest and most out-of-the-way farmers to secure latest information regarding agricultural progress throughout the entire world.

In general, the International Institute of Agriculture stands for the protection of the common interest of farmers and for the improvement of their condition, as well as a thorough-going study of the land and of live stock. Such interesting questions as those of birds useful to agriculture, hail and scourge by which the agriculture of certain countries suffer most yearly, land reform and the maintenance of homestead, come under the research of the institute. Other subjects

now being studied are the adulteration of food, the fight against locusts, ocean freights for agricultural produce, the adulteration of seeds, and farm book-keeping and commercial transactions.

The writer was impressed with the practical way in which agricultural co-operation is being worked out by means of the International Institute of Agriculture. The departments of agriculture of any of the affiliated countries may have access regularly, and by telegraph if desired, to specific conditions in any part of the world. For example, a group of farmers in Kansas can find out, through the regular American delegates to the International Institute in Rome, the conditions of the wheat crop in every country of the globe where wheat is grown. In similar way, the ranchers of Argentina can learn the latest remedies used for the foot-and-mouth disease among cattle in the countries of Europe, Asia, or Africa, and can receive the latest statistical information concerning the spread of this disease. Through this international agricultural exchange it is also possible to extend information about successful legislation engineered by the farmers' grange in Jefferson County, New York, to virtually every rural region of the world where similar legislation may be profitable to the agriculturist.

The extent and the value of the organization can readily be perceived. Its chief present need is for funds to extend the work that is already carefully organised and making limited progress, and there is also insistent need for the work of good press-agents to inform not only the agricultural bodies of different countries but also the farmers and agriculturists them-

selves concerning the existence of the International Institute and the way in which they may use it.

There are few, if any, organisations in existence possessed of greater potentialities for world welfare than this Rome institute, since any agency which touches the fundamental question of the world, the food problem, is more vital than any other question before the world to-day. Here is an organised agency definitely equipped to assist in destroying the enemies of the land and aid the agriculturist to obtain the utmost fruitage of his labours. Here is a handmaid of the basic industry of the world. Its direct aim is to increase the food supply of the nations, and at the same time to better the condition of the man who produces it.

DO WE NOT OWE THE ALLIES MORE THAN THEY OWE US?*

During the five fiscal year period, from 1910 to 1914, our exports to Europe were $6,751,498,000 in value. During the five-year period, 1915 to 1919, we sent to Europe exports to the value of $19,494,779,000, an increase of $12,743,000,000 over the preceding five years.

In the five fiscal years, 1910 to 1914, our total exports to all countries amounted to $10,829,000,000 while for the five years, 1914 to 1919 we exported $29,340,339,000, or a gain of $18,500,000,000. Due to the vacuum created by the war, our exports reached the peak in 1920 of $8,228,016,000, or nearly four times as much as in any year prior to 1915, and practically, therefore, the war gave us a total of exports of $37,568,000,000.

For two years of the gigantic struggle of Germany, and of Austria and Turkey under the leadership of Germany, to conquer the world, this country held itself aloof from any part in the contest except to grow fat on selling enormous quantities of supplies to the Allies. But in 1917 President Wilson called Congress in session for the purpose of accepting the gage of battle which Germany had thrown

*Reprinted from the *"Manufacturers Record"*, Baltimore, U.S.A., Sept. 24th, 1925.

down to us. He reminded Congress that Germany was making war upon the United States; that it had ruthlessly murdered our people upon the high seas; that it was attempting to control the right of this country to send its ships abroad, threatening to sink them and their passengers, regardless of international law. In a ringing speech President Wilson told us that no self-respecting nation could do otherwise than accept this challenge of our right to exist.

Under his leadership—though for two years he had been urging this nation to take no part in the war and even to be "neutral in thought" in the most terrific struggle the world has ever known, when barbarism was seeking to destroy civilisation—this country accepted Germany's challenge and prepared for war. It was then known, however, that if Germany should succeed in conquering France and England it would demand the surrender of their fleets, and that they dare not sink them for fear that the reprisals of Germany would be made that much more intense. It was realised in the inner circles that if Germany should succeed in gaining these fleets, adding them to her own, the doom of the United States would be sealed.

In his tremendous campaign of placing the Liberty loans, Secretary McAdoo warned the nation that our own existence was practically at stake, and that the success of Germany in Europe would mean success against this country, and that Germany would demand of us an indemnity so great as to stagger the nation. No one questioned

then the correctness of the position taken up by President Wilson in his speech and Secretary McAdoo in his efforts to arouse our nation to its danger, nor can this fact be questioned now. In his speech, President Wilson, fully realising that we could not put soldiers on the battlefields of Europe for a long time because this country had been permitted to remain wholly unprepared for war, suggested that the way in which we could help the Allies for our own good was by financial assistance.

For two years the allies had bought from us foodstuffs and munitions of war to an enormous amount at exorbitant prices. During 1913 and the first half of 1914 industrial depression of the severest kind was sweeping over the United States. It looked as though a large proportion of our industrial interests were headed for bankruptcy. We were having the largest number of failures recorded in our business history. The war instantly created a tremendous demand from the Allies for everything which we could sell, and almost over-night the nation turned from extreme industrial and financial depression to abounding prosperity. Literally, our business interests were being fertilised by the blood of the millions of soldiers who were dying on the battlefields of Europe. Let us study the details of our export trade year by year at that period :—

Exports pre-war, during war and after war, and the total for these five-year periods.

Fiscal Year June 30th, pre-war.	To all countries	To Europe only
1910	$1,744,985,000	$1,135,915,000
1911	2,049,320,000	1,308,276,000
1912	2,204,322,000	1,341,733,000
1913	2,465,884,000	1,479,075,000
1914	2,364,579,000	1,486,499,000
Total	$10,829,090,000	$6,751,498,000
Calendar year, during war.		
1915	$3,554,671,000	$2,573,408,000
1916	5,482,641,000	3,813,278,000
1917	6,233,513,000	4,061,729,000
1918	6,149,088,000	3,858,698,000
1919	7,920,426,000	5,187,666,000
Total	$29,340,339,000	$19,494,779,000
Calendar year after war.		
1920	$8,228,016,000	$4,466,091,000
1921	4,485,031,000	2,363,899,000
1922	3,831,777,000	2,083,357,000
1923	4,167,493,000	2,093,415,000
1924	4,590,982,000	2,444,490,000
Total	$25,303,299,000	$13,451,252,000

It was more than a year after the war was decided upon by the United States against Germany before we could put a single soldier on the battle-front of Europe. During all that time the Allies were fighting our battle just as much as they were

fighting their own, for Germany was making war upon us and we had no soldiers ready for the struggle. No intelligent man can possibly question that if the Allies had gone down in ruin, this country would have been conquered by Germany. With the combined fleets of England and France added to its own, Germany could have swept every ship of ours from the sea, captured our entire coast and landed millions of soldiers in America.

We have often claimed that we have saved Europe. With equal truth we might say that Europe saved America. Since we could not put a soldier on the battlefield for over a year, the best we could do was to help to finance the Allies. Our Navy, of course, did good work, but the real struggle was on land. The money loaned was not sent to Europe. Practically every dollar was spent here for grain and flour and provisions and munitions of war and other things, and in the main the prices paid were exorbitant, and in many cases unconscionably and unscrupulously high.

It is well that we should recognise these facts in a perfectly frank discussion on this subject. We profiteered on the Allies to an extent which could not then be helped, but which we should now look upon with shamefacedness and sorrow. The situation was such that the Government could not control the prices at which these products were sold. Individuals were responsible. But the nation at large reaped the enormous profits which the individuals made. If when war was first declared by Congress we had been able to put our

soldiers, even to the extent of half a million, in Europe, the situation would have been entirely different; the war would have been ended long before it was, and millions of lives and billions of treasure would have been saved. But, in the light of the greatest conflagration in human history sweeping, as every intelligent man saw, toward our country, for two years we made no preparation to meet the situation.

After we had declared war, and before our soldiers could enter Europe, every man who died on the battlefields of France and Italy and Belgium died in defence of the United States as well as of his own country, and every dollar expended by the Allies in that period was for our protection as well as for theirs. We were indissolubly connected with the Allies—Siamese twins, in fact, and one could not live unless the others lived.

In the light of this situation, though this view may be contrary to that of many of our readers, the *Manufacturers Record* unhesitatingly takes the ground that the indebtedness of the Allies to the United States Government should either be entirely wiped out, or so materially reduced as to completely change the whole situation. This applies to the countries which have already made financial settlements as well as those who have not.

In taking this position, we do so in behalf of the people of the United States primarily, and only secondly in behalf of Europe.

We owe a duty to ourselves, and that duty is to

recognise that in lending money to the Allies we were merely helping them to save this country while saving themselves. In a spirit of devotion to duty, of a full realisation of what the defeat of the Allies would have meant to the United States, our national thinking on this subject should be revolutionised. Instead of thinking that we saved Europe, we should think of what would have been our condition if Europe had not maintained the struggle until we were able to join in the fight. Instead of thinking of the debts of Europe to this country, we should think of the enormous profit made by the people of the United States in selling to the Allies at exorbitant prices a total in five years of $12,000,000,000 of goods over what we had sold in the preceding five years.

We are apt to forget this situation; too prone selfishly to grasp for the dollar which, viewed from the highest point of ethics, does not belong to us. The Allies are in a position which makes it extremely difficult for them to contest this indebtedness. To the extent of their ability, they feel that it is a debt of honour which must be paid. Would it not be better for us to feel that our honour should make us realise we owe them a debt for helping, by the defeat of Germany, to save us?

We are not unmindful of many conditions in the Allied countries which are unfavourable. We are not unappreciative of the fact that adverse conditions of many kinds prevail in Europe. But if we would give to the world an illustration of unselfishness based on justice and righteousness,

we could well afford from every standpoint to wipe out every dollar of the indebtedness of European Governments to the Federal Government. In proportion to the present situation, this would be a finer illustration of altruism than when we refused to accept the Chinese indemnity for the Boxer uprising. At that time the lives of a few American individuals were at stake, and we sought to save them, as was our duty, but we refused to accept our proportion of the Chinese indemnity. Not the life of a comparatively few individuals, but the life of the country itself was at stake when Germany was endangering the world with its seeming all-conquering power, with its atheistic barbarism, seeking to destroy civilisation and Christianity itself.

Standing, as we do, at the very pinnacle of national greatness, in all the world's history, with our wealth increasing by many billions of dollars every year, we could well afford as a nation to wipe out this indebtedness and thus give to Europe a new lease on life. Providence has placed in our hands material resources in many cases greater than the rest of the world. These resources, our boundless blessing, have all been given to us as trustees for world betterment. Shall we fail as trustees to use them in behalf of humanity? Perhaps the cancelling of these debts—if in honour we can call them debts—might not be appreciated to the fullest extent by all the Allied people. Perhaps some of them might use our act unwisely.

But the viewpoint from which we should study

this situation is duty to ourselves, without regard to how our Allies might use or abuse our act. If it is a duty to ourselves to cancel this indebtedness, which we firmly believe, we should not permit any act of European people to change our actions.

Let us, therefore, as a nation, study this whole problem from every angle, forget the economic and political mistakes in Europe which are bringing about many unfortunate conditions, and in this remission of indebtedness give to Europe a stimulation which no individual and no nation burdened by heavy indebtedness can ever have for accomplishing the greatest things that are possible in material and spiritual achievements.

The one chief danger to America and the world, if we should take this action, would be the possibility that we would become Pharisaical and puffed up with an unjustified egotism and a feeling akin to that which would say, "We thank thee, Lord, that we are not as other nations." Such a spirit would injure our national character and create a spirit of ill-will to us by other nations. After the war some of our people proclaimed a similar position and said we were altruistic in going to war, whereas President Wilson emphatically proclaimed with all the power of his eloquence that we had gone to war only after Germany had made war upon us and to save ourselves. When some of our leaders and papers began to prate about our unselfishness and our altruism, the *Manufacturers Record* said that that position was a direct insult to every one of the Allies, and would of necessity

create a spirit of ill-will to us, because it was wholly untrue, and was like a slap in the face to them.

Therefore, when we remit these debts, if we ever do, let us not do so with any thought of altruism, but merely as a business transaction in which the Allies gave more for our salvation than can ever be measured in dollars, though they may be piled billions high.

A SURVEY OF THE ALLEGED ALLIED DEBTS TO AMERICA.*

In the days of the great deflation, some six years ago, when twice the amount of the war debts due to us were being wiped out here at home by the stupid cowardice of the men temporarily in control of the nation's financial policy, we stated over and over again, with all the emphasis at our command, that the course being pursued would drive all Europe into bankruptcy, even if America itself could survive so ruthless a destruction of values. It was a dire prophecy and in dire anguish is it being fulfilled.

Was it honest to double the debt of Europe? What was it that France owed? So many bushels of wheat that fed her indomitable people in the period when all civilisation labored; so many pounds of cotton, so many tons of steel, such and such a volume of commodities—each at a record price; wages at $20 a day for workmen not particularly skilled; huge profits for various industries. Never was there such a scattering of riches, so easily disseminated, and the nominal and real wealth of this nation moved skyward with unprecedented speed. Vast as were the expenditures—and

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they overjumped the imagination—estimates of the nation's total wealth kept pace.

We came out of the war richer than we went into it.

We came out of the war richer than we went into it if never a single dollar was to be got from all of our debts.

It was a spectacle in a way disgusting. Who wanted to be so bloated with prosperity at the expense of stricken nations? It may be that the unseemliness of it had something to do with the determination of the fiscal authorities to break the markets in America and drive prices down to pre-war levels. That, at least, it might have been argued, would have made our profit seem less. But the inevitable and sure effect was to say to France and to Britain and to Italy: "You borrowed one kind of money and you must pay us back in another kind. Where you took one bushel of wheat, we must have back the equivalent of two." It was preposterous—almost devilish.

By the time wanton deflation had driven the pound sterling down to the vicinity of $3 and it had become obvious even to the novitiate that Britain, too, must go into bankruptcy unless relief were forthcoming, a change of American policy was adopted. Not only was drastic deflation in America brought to a halt promptly after President Harding took office, but it became recognised as a principle that new levels for prices must be accepted, far higher than the deflationists had visioned. Almost immediately our own war bonds

jumped back to par or better, where they should always have been kept, and there began that process which enabled Britain eventually to go back to gold. The pound did not march steadily toward its old parity because its intrinsic purchasing power was enhancing, but because the dollar itself was cheapening. We restored the equation by lightening our side of the scale in the effort to stabilise world conditions.

This, as time passes, will come to be recognised as one of the most brilliant services Secretary Mellon performed for his own country and for the world, and he had an enthusiastic and sound collaborator in Governor Crissinger of the Federal Reserve Board.

Britain was able to survive the blow, in a measure, and Germany found it impossible to come back after repudiation of her internal war debts and the writing down, through the Dawes Plan, of her external obligations.

The denomination of war subsidies as loans is a sort of diplomatic trick. It was a method that became historically popular in England because it gave her magnificent trading material at the peace table. Through the centuries it has been her policy to advance moneys to her allies and then, after victory, to cancel the obligations in return for substantial concessions in the diplomatic arena. America is not used to that sort of trading. Its territory is not adjacent to that of potential enemies likely to draw the sword. Only political cowardice prevented our making advances to the

debtor nations outright contributions at the time. It was thought to fool our own people by calling these advances loans; whereas every responsible officer knew they were contributions to the common cause and repayment was hardly to be looked for.

The richness of a gift is the time of its giving. What agonies would have been saved the world had outright cancellation been resorted to straightway after the Armistice! Then might the act of justice have been performed with a gesture of graciousness. Then might the wounds that terror left have quickly been healed.

But timidity won the day. Into court comes Senator Borah now and says that the cancellations we have already made represent a concession of $7,000,000,000. So Secretary Mellon on the eve of his departure for Europe declares that the proposed French settlement represents a cancellation of *all* the war debt, holding her to pay only the post-war obligations; and yet, as each settlement has gone before Congress it has been insisted by responsible officials that payment of the principal in full had been obtained.

What was the object of such deception? If we were making such vast concessions we had no need to blush therefor, but had a right, on the contrary, to be proud of the performance. There is only one conclusion to be reached, and that is that the financiers did not want the American people to know what they were doing; that Congressmen were voting for one kind of settlement and telling another kind. What right have we to complain

if foreign politicians have goaded their own populations into hysterical madness and have built up resentment against America by educating them to believe untruths if here at home our politicians, too, have held back the truth and built up a structure of lies! So far does cowardice in politics take even the best men. "The truth shall make men free."

Seven billions cancelled in favor of our erstwhile friends overseas and their populaces do not even know it. If international good-feeling is an asset, we are strangely negligent in cultivating it.

Washington has long since abandoned the theory that these debts are inviolable obligations. It has accepted the principle of "capacity to pay." There never was a policy more likely to earn for us the hate of every debtor. It immediately introduces inequalities. It ignores every fact connected with the contraction of the debts and makes the poverty of the debtor the sole and only test of the amount of debt to be paid. And who shall judge with unerring justice what that poverty is as each debtor nation comes up for judgment?

But it is a formula we have accepted. "Capacity to pay!" What wonder that our debtors say: "Look to yourselves. Examine our comparative sacrifices and measure what you have now, after the war, with what we have, and then see who has the "capacity to pay." It is an awkward question. Well may we look to ourselves.

Capacity to pay! In France a whole generation has been exterminated. Those young men who

marched uncomplainingly to death or rotted in the trenches were those who otherwise today would be guiding the destinies of their country. On them France would be depending for initiative and resourcefulness in the conduct of business and the rehabilitation of industry. They, with all the virility of youth, would be in the French Parliament to-day in seats now held by grandfathers who otherwise would have retired. They are the best men who die first in war. France and the world could only have been saved by sacrifice of the best. None but the best could have held back that German juggernaut in the dark hours.

One may list the houses and the factories and the lands and the piers and the transport and all the material evidences of wealth, and the adding machine may give the total in francs or pounds or dollars, but when all that is done it does not represent the wealth of a nation; it does not show a nation's "capacity to pay." Such things, after all, are only the incidentals; for one must look into the soul of a people to determine their capacity for greater things—their "capacity to pay." How is the nation manned? It is a question we hardly dare to ask of France, for sonless mothers and husbandless women would have to answer.

We make one settlement with Britain, whose best young were also slaughtered, and we make another with France and we make another with Italy, and each is a different. We do not cut our generosity—a nauseous, pharisaic word—in equal fractions. We introduce hate-bearing differentials.

A better formula, we think, would be equal treatment for all.

Are the reports that reach this country of conditions in Europe the truth or are they, too, all lies? If payment of these debts to us means what the economists say it means, if payment will lower the standard in Britain and France and Italy for another half a century, cutting down the food and housing, restricting education, curtailing the activities of religion, then those debtors, it is a mere truism to say, have no "capacity to pay."

Aside from all matter of right or justice, let the economic effect of forced payment be examined. We assert that it would be a positive benefit to America to cancel all the debts.

The one thing in the world that more than all else threatens American peace and prosperity is Europe's low standard of living. At every turn it is a peril. It breeds political unrest, it encourages Communists, it perpetuates ignorance, it creates an atmosphere in which the war spirit can flourish and it inspires hate. It also rapes the commerce of the world, for it throws poverty production into every mart. It makes dollar wheat and 12 cent cotton and McNairy-Haugen bills. Were Europe, for instance, maintaining the American standard of living, there would be no such thing as a surplus of wheat, for the consuming capacity of Europe would multiply demand. American standards in Europe would double the worth of every wheat farm in America and once more enthrone cotton. Were there an American standard of living in Europe,

our automobile production would be double what it is. There would be no coal problem.

Payment of the debts would bind Europe down another 50 years; cancellation would give impetus to the movement already under way for the lifting up the whole scale of living in Europe. For every billion we lost by cancellation we should get back two from a reviving and prosperous Continent. In the mere matter of dollars and cents, it is to our advantage to cancel.

Let it be remembered, too, that France is a low-price country. That is a condition that adjusts itself internally, but it means that payment of an external debt is terrifically difficult.

Again, Poincare is already proposing that we accept payment in kind. If we insist on collecting, we cannot very well refuse to accept goods. But payment in kind is another way of eliminating the tariff barrier. It would mean the ceaseless pouring of foreign goods into this country. That is what collection means, anyhow, in the last analysis, and Poincare is stating it in all its nakedness; but it is a hideous thing to contemplate, economically speaking.

And payment in kind emphasizes in another form the same old problem of the difference in living standards. If the standard is beaten down further in Europe, it will be beaten down further in this country, too. There is economic assurance of that.

Most citizens must have stood aghast when they read Secretary Mellon's intimation that our advances to Britain were used for the latter's commer-

cial aggrandizement. It was a time when every resource flowed into the supreme conflict. There was nothing but the war. No matter how any fund was technically allocated, it was finally for the war. But the episode simply emphasizes the real peril any discussion of the debts involves. They are a sore subject in all the countries involved. It is a subject that breeds hate. It is an asset such as the local politicians love to have. They mouth it over and over.

It is deplorable that Americans should be attacked in Paris. But we may as well recognize that hate is part of the interest we take when we insist on debt collection. The strong and prosperous are usually disliked by the poor and struggling, and a strong people must be prepared to be hated. Not for a moment should we be coerced into offering cancellation. We are a proud people, too.

Nor, refusing to be coerced, should we make the other great mistake of thinking we are dispensing charity. Whatever we do, we ought to do because we think it is right.

We doubt if Senator Borah, himself, thinks the debts will ever be paid. It is rather commonly accepted in Washington that "straw settlements" have been made, providing for comparatively small early payments on the assumption that modifications will be allowed before the heavier payments become due. In other words, we have cancelled and concealed it; we have granted moratoriums and concealed it; we have virtually admitted that we do not expect payment and concealed it.

Each of these three concealments is caused by political fear. Therefore, political fear is delaying the stabilization of the world, is holding back the rehabilitation of Europe and is dooming millions, who might otherwise be happy, to hard and dreary lives. We detest cowardice, as most Americans do.

We ought, on our own initiative, to cancel outright; or we ought to declare a general moratorium of 10 years, affecting the settlements already made, without interest, with a commitment at the end of that time to re-examine all the debts in the light of the conditions then prevailing in the world.

Either course would give the world a new start and would be economically profitable to the United States. The spiritual and moral value would be so great that we cannot attempt to assay it.

CONTROL FOR THE COTTON TRADE.

"As Necessary as During the War."

The following letter was read at a great mass meeting of employers, operatives, shareholders and others held at the Empire Theatre, Oldham, on April 22nd, 1926.

To Councillor F. Pollard, J.P.,
Mayor of Oldham.

Dear Sir,

I have received from Mr. Lynham two platform tickets for the Mass Meeting to be held in Oldham to-morrow evening, but I regret that I shall be unable to be present. I have been absent from Manchester for some weeks by the order of my medical adviser, and I am told that, as I am now in my 82nd year, I must not continue to lead the strenuous life I have lead during the past eleven years. Therefore, I hope you will excuse me from being present at what I hope will be a very successful meeting.

I have read and re-read the speech I delivered at the Mass Meeting held at the Empire Theatre, Oldham, on February 14th, 1924, and I find that I could not possibly add anything to that speech or put my opinions more forcibly than I did on that occasion. Moreover, the speech both in brochure and book form had a very wide circulation throughout the world. I have received letters from

most of the cotton-using countries abroad expressing favourable opinions about it, and also making complimentary references to the work that I have been engaged in for many years past, both personally and as Chairman of the Provisional Emergency Cotton Committee. That Committee, the chairmanship of which I was pressed to take, have held a most extensive enquiry into the causes which have brought our great industry into its present position, and have shown how it can successfully emerge therefrom. The reports of the proceedings at their 137 meetings have been put on permanent record in three volumes of 400 pages each, which have had a wide circulation throughout the world. Bulk orders for these volumes have come from a number of the cotton-using countries of the world, and I am perfectly satisfied that they are making a profound impression. The Committee have investigated everything fully, made excellent suggestons, and done everything possible to save the industry from disaster. They consider that they have now fulfilled the mission for which they were appointed and are unable to do anything more, the responsibility for the trade remaining in its terrible position rests with those who hold the official positions in the industry.

I have nothing new to put forward on the question of lifting the industry out of its present deplorable state, and I regret very much that the apparent awakening of the trade at the mass meeting held over two years had not the effect which one reasonably expected it would have.

I have held all along that no scheme can possibly be put into operation until we obtain statistics of production, consumption and stocks: further, that reliable figures cannot be obtained except in co-operation with the operatives, or by legal enactment.

I am as firmly convinced as ever that just as control was necessary to tide us over the time of the war, it is necessary to-day to lift us from the position into which we have drifted as a result of the war.

Yours faithfully,

CHARLES W. MACARA.

33, York Street, Manchester.
21st April, 1926.

COTTON CONTROL VOTE.*

Sir C. W. Macara's Sharp Criticisms.

Sir Charles Macara, presiding at a meeting of the Provisional Emergency Cotton Committee in Manchester, yesterday, (Tuesday), referred to the decision arrived at on the previous Friday by the General Committee of the Master Cotton Spinners' Federation not to allow the question of establishing an Advisory Board to go to a ballot of the American section of the trade. That decision, said Sir Charles, was both unsatisfactory and inconclusive. It was unsatisfactory for the reason that there was but a small attendance of members owing to the fact that the meeting was fixed for the hour of Queen Alexandra's funeral, when there was a general suspension of business, and inconclusive because the trade had in consequence of that decision no opportunity of recording its considered opinion on the scheme which the Provisional Emergency Cotton Committee had strenuously advocated for the past four years. He thought that the public and the trade generally ought to know what was the strength of the forces which for the time being had held up the scheme. The General Committee

*Reprinted from the *Manchester Guardian*, 2nd December, 1925.

of the Federation, was composed of about 120 members, about 90 being representative of the American spinning section, and 30 of the Egyptian section, and of the 90 only about half were present to decide perhaps the most momentous question which had ever faced the cotton trade of this country. The voting, in fact, was 18 in favour of an Advisory Board and 28 against, and this was given out to the press as "a large majority" against the formation of a Control Board, whereas the number who voted in opposition was not a third of those making up the American side of the General Committee of the Federation. With all due deference to those forming the Executive of the Federation, Sir Charles said that it was neither the duty of the General Committee to prevent a ballot being taken nor was it their duty to speak on behalf of the trade in a matter of this kind. The trade ought to have had the fullest opportunity of expressing its opinion on a question so vitally affecting its welfare, for it was absurd to suppose that the 28 who had voted Control down represented the American section of the great cotton trade of England. Indeed, it would be interesting to have the names of those composing this "large majority" in order that they could ascertain how many of them were actually sharing the misfortunes which were at present hanging so heavily upon the American spinning section of the trade. It was clear that the defeat of the motion was largely attributable to the action of the section of the trade engaged in producing yarns for the home market. This section, it was

well known, had been least affected by the adverse conditions.

Sir Charles went on to say that the matter could not be left where it stood; some means would have to be found of ascertaining what the trade really thought of the matter. Some means would have to be found, also, of meeting the claim for recognition put forward by the operatives, otherwise it was practically certain that they would, at the first opportunity, seek means of asserting themselves, and in a way which employers might very greatly regret. As to the statement of Mr. Fred Holroyd, the President of the Federation, that Control was "simply impracticable," he could only refer that gentleman to the successful working of the old Cotton Control Board, which, he wished the trade to remember, was not composed of employers only, but was worked with the aid, and the valuable aid, of the representatives of the operatives. It was, then, no new thing that the Provisional Emergency Committee asked for, but a revival of the previous organisation with certain modifications.

The Federation alternative to an advisory Board with full powers, took the form of recommendations of restriction of output through its Short Time Committee, but it was notorious that the members of the trade supported these recommendations when it suited them only, and that the conclusions of the Committee were vitiated owing to the fact that they were based on insufficient statistical information. Again, the weakness of the whole situation, as far as the Federation was concerned, was that they

could make any number of recommendations but had no means of making a single one of them compulsory on their members.

The absurdity of the whole situation was shown in a ballot result announced on the same day that the Advisory Board decision was taken. The figures in favour of the further curtailment of hours in mills spinning American cotton were 74.47 per cent: 20.89 per cent. voted against, and 5.64 per cent. did not vote. On these figures the proposal for further curtailment was lost; in other words, the wishes of close upon three quarters of the trade were negatived by a little over 20 per cent. of the members. What could be thought of a Federation which allowed the trade to be misrepresented in this fashion—first to allow 28 members of a Committee to decide a great scheme intended for the salvation of the whole industry, and then to disregard the recorded vote of over 73 per cent. on the Short Time Question? Such mismanagement was sure to bring its own downfall if persisted in. "I have for long," said Sir Charles, "thrown the weight of my influence against proposals to secede from the Federation, but it will be difficult for long to restrain anyone from breaking with the organisation if such futility and injustice are to continue.

Mr. T. Driver who was instrumental in bringing the question of the establishment of an Advisory Board before the General Committee of the Federation, said he was surprised to see a report in the press that Mr. Holroyd, the President of the Federation, had stated that control of the cotton

trade was both illegal and impracticable. Sir John Simon had recently stated very definitely that the control scheme was perfectly legal. As regards the question of impracticability the old Cotton Control Board had proved that the scheme proposed by the Provisional Emergency Committee was in every way practicable. Mr. Driver added that statistics compiled by the Federation, showed very clearly that large stocks of yarn were accumulating at mills spinning American cotton, and that there was an urgent need for further restriction in production.

COTTON RESERVE SCHEME.*

To the Editor of the "Factory Times."

Sir,—The luncheon given to Viscount Grey on Thursday last at the National Liberal Club, when his portrait, painted by Sir William Orpen, was presented to him, has been the occasion of my attention being called to Viscount Grey's reference in his book, "Twenty-five Years, 1892—1916," to the difficulty and danger of declaring cotton contraband at the outbreak of war. Extreme pressure of business alone has prevented me so far from reading Viscount Grey's interesting records, for I have always viewed his utterances with admiration and approval. Unlike most Ministers of the Crown and high-placed Government officials, he has been most generous in his appreciation of my efforts to surmount the difficulties inseparable from carrying on an international industry such as the cotton industry.

This makes it all the more difficult for me to understand Viscount Grey's omission to mention in his book the scheme for the purchase of the surplus of the cotton crop of 1914, which I

* Reprinted from the "Cotton Factory Times," December 25, 1925.

propounded and which I submitted at the outbreak of war to all the Government offices that had to do with cotton, as well as to Dr. Walter Page, then American Ambassador. The details of this scheme have continually been referred to in the press and elsewhere, and are on permanent record in my book "Recollections," published in 1921 (pp. 233 *et seq.*). If the scheme, which would have obviated any necessity for declaring cotton contraband at the outbreak of war, had been carried out, it would have saved enormous losses, both to cotton growers generally and to cotton spinners, manufacturers and merchants throughout the world. The non-acceptance of the proposals by the Federation of Master Cotton Spinners' Associations, of which organisation I had been president for 21 years, and the subsequent rejection of the scheme by the Government, led to my resignation as President of the Federation, as a protest against the want of vision that was displayed. As a matter of fact, cotton was declared contraband a few days after the great meeting in the Queen's Hall, London, at which I presided in August, 1915.

I admit that I was in an exceptionally favourable position for making the proposals, and there is no doubt that their non-acceptance is mainly responsible for the very critical condition into which our greatest manufacturing and exporting industry has been allowed to drift. The policy that led to my resignation has been continued by those who followed me in the control of the

industry, in the extraordinary conditions that have prevailed, the yarn buyer taking advantage of the spinner, and the merchant taking advantage of both.

Yours faithfully,
CHARLES W. MACARA.

33, York Street, Manchester,
21st December, 1925.

A FORTY YEARS RECORD.

Achievements as Industrial Leader and Propagandist.

The following address was delivered at a Meeting of the Manchester and District Cotton Employers' Association on 9th October, 1925, when Sir Charles Macara intimated that he would ask not to be re-elected to the Chairmanship of the Association at its next Annual Meeting. The Association includes in its membership leading firms who are known throughout the world. Had the Fine Spinners joined the Federation through this Association, it would have been one of the most important of the fourteen Associations forming the Federation of Master Cotton Spinners' Associations, but the following résumé of the address will show that the Association has played a very important part in cotton trade organisation since its initiation 40 years ago.

It is now 40 years since I commenced propaganda work which resulted in the formation of the Manchester and District Cotton Employers' Association. In 1885 I was forced to take a determined stand against the operative cotton spinners in this district, owing to trouble at the large mill

in Ancoats belonging to the firm of which I became Managing Partner in 1880. My experience of the difficulty of dealing with these men led me to decide to resist an unwarrantable demand, made at the time when we were renewing the machinery. I had to take a firm stand, otherwise labour in this particular district, which includes many of the Fine Spinners' mills, would have become almost unmanageable.

There was no Association of the Cotton Employers, and I had practically to fight the battle of the district alone. After three months determined struggle, the operatives were compelled to withdraw their unreasonable demand—that a mill spinning Oldham counts in Manchester, should pay 5% more than the Oldham list. After scoring this victory, I called a meeting of all the cotton spinners in the Manchester district, including the Fine Spinners, and it was resolved that propaganda should be carried on with a view to the formation of a Manchester Association.

The result was the establishment of the Manchester and District Cotton Employers' Association, one of the Associations which ultimately formed the Federation of Master Cotton Spinners' Associations. The Fine Spinners, although sympathising to a certain extent with the efforts that were made, continued to sit on the fence, and remained for years in that position.

The late Sir Herbert Dixon, who sympathised with me in all the work that I had done, backed my efforts to the utmost of his ability, and always gave me his support whenever it was wanted on

the Committee of the Federation of Master Cotton Spinners' Associations, and on the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

As regards the Fine Spinners in Manchester and district joining the Federation, he did his utmost to get them to come through the Manchester and District Cotton Employers' Association, but was defeated by Sir William Houldsworth, then Chairman of the Fine Spinners and Doublers' Association, who insisted on their joining the Bolton Association and coming into the Federation along with that organisation.

Sir Herbert Dixon was a most loyal supporter of my views, but unfortunately his health was of a somewhat precarious nature. As long as I held the positions I had held for so many years, he expressed himself as being perfectly satisfied that the employers' interests in the trade would be safeguarded in every way, adding that he was always ready, when wanted, to give me effective backing. These conditions rendered it extremely difficult for him, when he accepted the various positions that I had occupied, to carry on the arduous work, and I fear that, to a great extent, the acceptance of these positions led to the shortening of a very useful career.

At the revival, in 1920, of the International Federation of Master Cotton Spinners' and Manufacturers' Associations, Sir Herbert Dixon declared at the congress held in Zurich that but for my work there would have been no International

Federation. Sir Herbert's speech on that occasion is embodied in the report that was issued in connexion with that Congress.

In my forty years' association with the cotton industry, I have, of course, been compelled by force of circumstances to take a leading part in many disputes, the largest being the 20 weeks' strike in the Autumn of 1892 and the early part of 1893. This was ended by the signing of the famous Brooklands Agreement on March 23rd, 1893. It was only after a conference lasting 14 hours, during which the two sides broke away from each other on six occasions, that an amicable settlement was reached. Numerous joint meetings had been held during the long struggle, and the strike could have been settled six weeks earlier at the house of Mr. Robert Ascroft, M.P., for Oldham, had it not been for the attitude of the extremists in the Oldham area. At the time of this strike the President of the Master Cotton Spinners' Federation was Mr. Arthur Rayner, a man who had many estimable qualities, but whose personal gifts were rendered less effective by reason of indifferent health, which compelled him to resign the duties of President very early in the struggle. It was owing to this circumstance that the actual work of leading the employers fell on me.

At the outbreak of war, I considered it my duty, as a protest against the conduct of a few men towards the growers of the raw material, to resign my position as President of the Federation of Master Cotton Spinners' Associations. Large

sums of money had been expended since the beginning of the century in encouraging the cultivation of cotton in all parts of the world in which it could be grown on a commercial basis, the ordinary sources of supply having proved inadequate to meet the demands made upon them. The men to whom I refer, thought the role they played was the right one, namely, to take advantage of those upon whom they were dependent for their raw material, by getting cotton at a price a long way below the cost of production. As they could not move me from the stand I had taken against such a foolish policy, they passed a resolution with a view to limiting my action. This I could not tolerate and consequently resigned my position.

My first official position in the industry was the Chairmanship of the Manchester and District Cotton Employers' Association, but although I have been re-elected year after year, I have always made it perfectly clear, since the adoption of that resolution, that I would not serve as representative of this Association on the Federation General Committee. I feel thankful that I have adhered to that decision. I must add, however, that although I resigned my position as President of the Federation, I have always continued a firm supporter of that organisation and am strongly opposed to any attempt being made to break it up. I have always loyally observed the recommendations made by that body.

I am now at the end of my 81st year, and during the last ten or eleven years I have worked harder

than I have ever done in my life, in making use of the immense experience I have acquired in the cotton trade, both nationally and internationally. I have carried on an individual propaganda all the time, and in September 1922 I was requested by a number of cotton spinners, members of the Federation, to preside over a Provisional Emergency Cotton Committee to endeavour to rescue the industry from the terrible condition into which it has been allowed to drift. I made it perfectly clear, however, that I would not accept any position that was antagonistic to the Federation in the formation and activities of which I had put forth so much labour. The Federation has been raised from a spindleage of 16 or 17 millions to its present great dimensions. I knew what an immense task that had been, and I would not readily be a party to any attempt to break up such a body, which is absolutely necessary for the carrying on of industry. I therefore resisted all recommendations of the Provisional Emergency Cotton Committee to secede from the Federation. One hundred and thirty official meetings of the Provisional Emergency Cotton Committee, many unofficial meetings and various mass meetings have been held, and all its deliberations have been published in book form. Whether this work is to save the trade or not, it is impossible to say.

In addition to the above, books containing articles which I have been requested to write for the press of the world, and which have had an enormous circulation throughout the world, have

also been issued to the public. I therefore have the satisfaction of feeling that every effort on my part has been put forth to save the industry from disaster, and that no responsibility for the state of affairs that exists to-day can be placed upon me.

COMPLIMENTARY LUNCHEON AND PRESENTATION

TO

Sir Charles W. Macara, Bart.

Striking tributes were paid to Sir Charles W. Macara, Bart., on Wednesday, March 17th, 1926, when a complimentary luncheon was given to him at the Midland Hotel, Manchester, by the Manchester and District Cotton Employers' Association, in honour of his long service to that organisation and to the cotton trade generally.

Sir Charles, who is in his 82nd year, founded the Association 34 years ago, after several years of strenuous pioneer work, and remained its President from the start until October last, when he intimated that he would ask not to be re-elected to the Chairmanship of the Association at its next Annual Meeting. In addition, as is well known, Sir Charles has held during the past half-century almost every high office in connection with the industry, national and international.

Representatives of the cotton trade organisations, employers, and operatives, as well as banking, insurance, the subsidiary and dependent industries connected with cotton, the Manchester and Oldham Chambers of Commerce, and other trade associations, attended the luncheon, which was presided

over by Mr. F. Arrowsmith, J.P., Sir Charles's successor in the Presidency of the Manchester and District Cotton Employers' Association. Those present included the following well-known gentlemen :—

The Right Hon. the Lord Mayor of Manchester.

Councillor Miles Ewart Mitchell, J.P.

Manchester Royal Exchange.

Chairman : Sir Arthur A. Haworth, Bart.

Federation of Master Cotton Spinners' Associations.

President : Mr. F. Holroyd, J.P.

Vice-President : Mr. F. Mills, J.P.

Secretary : Mr. J. Pogson.

Cotton Spinners' and Manufacturers' Association.

President : Mr. F. A. Hargreaves, J.P.

Secretary : Mr. T. Ashurst.

Chambers of Commerce.

Manchester : Secretary, Mr. E. Raymond Streat.

Oldham : Secretary, Mr. J. C. Atkins.

Manchester Ship Canal Co.

Secretary : Mr. F. A. Eyre.

British Cotton Growing Association.

Assistant Secretary : Mr. E. J. Griffiths.

Manchester Cotton Association.

President: Mr. R. Brooks.

Manchester and District Bankers' Institute.

Chairman of Council: Mr. E. H. Everett-Heath (Bank of England).

Insurance Institute of Manchester.

President: Mr. G. A. Kelly.

Employers' Federation of Dyers and Finishers.

Chairman: Mr. W. H. Barritt.

India Rubber Manufacturers' Association Ltd.

Secretary: Mr. John Haworth.

Amalgamated Association of Operative Cotton Spinners.

President: Mr. E. Judson, J.P.

Secretary: Mr. H. Boothman, J.P.

Amalgamated Association of Card and Blowing Room Operatives, Insurance Section.

Secretary: Mr. S. Sanderson.

Rylands & Sons, Ltd.

Chairman: Mr. W. Branson (Past Vice-Chairman, Manchester and District Cotton Employers' Association).

H. Bannerman & Sons Ltd.

Secretary and Director: Mr. R. H. W. Bannerman.

Mr. J. H. Jamieson, Secretary to the Lord Mayor of Manchester.

Manchester and District Cotton Employers' Association.

Col. F. R. McConnel, J.P. (Past President of the Textile Institute; and Director, Eccles Spinning and Manufacturing Company Ltd.

Mr. W. Grindrod, Director, Acme Spinning Co. Ltd.

Mr. F. Kay, Monton Mill (1920) Ltd., (Manager).

Mr. John Kay, Monton Mill (1920) Ltd. (Secretary).

Mr. J. B. Kershaw, Director, Wilton Spinning Co. (1920) Ltd.

Mr. Lennox Lee, J.P., Director, Sir Elkanah Armitage & Sons, Ltd.

Mr. Wm. C. Macara, Joint-Managing Director, Henry Bannerman & Sons Ltd.

Mr. L. Partington, Director, Wilton Spinning Co. (1920) Ltd.

Mr. John Potter (Vice-Chairman).

Mr. J. Ryder, Director, T. & C. H. Arrowsmith Ltd.

Alderman J. Schofield, Barton Bridge Mills Co. Ltd.

Mr. J. L. Whitehead, Acme Spinning Co. Ltd.

Mr. A. Jackson, Secretary.

Letters of regret for inability to attend the Luncheon were received from:—

Alderman F. J. West, Ex-Lord Mayor of Manchester.

Liverpool Cotton Association.
President: Mr. A. A. Paton, C.B.

Manchester Ship Canal Co.
Chairman: Mr. W. C. Bacon.

Amalgamated Association of Card and Blowing Room Operatives.

President: Mr. J. CRINION, J.P. (See p. 248.)

Secretary: Mr. W. THOMASSON, J.P. (See p. 249.)

Bleachers' Association, Ltd.

Chairman: Sir ALLAN JOHN SYKES, Bart, M.A., J.P.

Manchester Chamber of Commerce.

Chairman: Sir PERCY WOODHOUSE, J.P.

Oldham Chamber of Commerce.

Chairman: Mr. HENRY LAWTON, J.P.

Calico Printers' Association, Ltd.

Chairman: Mr. LENNOX B. LEE, J.P.

Textile Institute.

President: Mr. JOHN EMSLEY, J.P.

Manchester Corporation Cleansing Department.

Chairman of Committee: Alderman S. DIXON, J.P.

Manchester Corporation Electricity Department.

Chairman of Committee: Ald. W. T. DAGNALL.

Amalgamated Weavers' Association.

Secretary: Mr. J. C. PARKER, J.P.

Manchester & District Cotton Employers' Association.

Col. N. SEDDON BROWN, Managing Director, Amalgamated Cotton Mills Trust, Ltd., and Vice-President, Federation of Master Cotton Spinners' Associations.

Mr. RICHARD HAWORTH, Richard Haworth & Co., Ltd.

Mr. J. SHERLOCK, Barton Bridge Mills Co., Ltd.

The Chairman proposed the toast of "The King, The Duke of Lancaster." He expressed his pleasure at seeing so large a gathering of distinguished guests met to pay tribute to "our great ex-Chairman" for his services to the cotton trade and for his public work.

The Lord Mayor of Manchester, in presenting Sir Charles with a handsome cabinet tantalus on behalf of the Association, expressed his great pleasure at having the privilege of being present and taking a part in doing honour to Sir Charles for his long service to the cotton trade. He (the Lord Mayor) had no claim to speak on behalf of the cotton trade, but as the Lord Mayor of the city which was recognised throughout the world as the centre of the cotton industry, he thought he might be allowed to speak of one who, during the whole life-time of many of them, had been the leading figure in the cotton trade of the world. For not only was Sir Charles Macara's position recognised in Manchester and in Lancashire, but wherever cotton was spoken of his name was known and honoured. The outstanding characteristics of Sir Charles Macara were his courage and his determination. There had been occasions when all in the cotton industry had not been of one mind, and on those occasions he had fought strenuously for his own points of view. But in every case it was recognised that Sir Charles had fought in good faith, believing everything he had said. If he believed in anything he was prepared to fight for it, and that was a valuable characteristic in any

leader. It was, therefore, very fitting that they should meet to do honour to Sir Charles in the way they had done that day, and tell him how highly they all thought of him, and in actual words extend to him the kindness and the goodwill of every member of that Association. Although Sir Charles had now passed from the active list of the Association he did not suppose that while there was good work to be done he would lay down his pen. When occasion demanded he knew Sir Charles would not be slow in speaking his mind. Through the years still before him the gift would be a reminder of the admiration, goodwill and affection in which he was held by his fellow-members of the Association for which he had worked so hard and so well. "I am very proud, as Lord Mayor of Manchester, to be here to-day at the invitation of this Association," concluded the Lord Mayor, "and I now beg you to accept this cabinet, Sir Charles, as a mark of the Association's appreciation and goodwill."

Sir Charles Macara, who had a very hearty reception on rising to respond, assured those present that he was deeply touched with the mark of esteem of his old colleagues on the Manchester and District Cotton Employers' Association, and also with the kindly words in which the gift had been conveyed by the Lord Mayor. Among the many recognitions of his services, both national and international, he would prize that one very highly on account of its being a recognition of the first official position he held in the cotton trade. There was another gift that he also prized very highly, and that was

the Address that was presented to him by the operatives' organisations at the time he was made a baronet. He was glad to see present that day representatives of the operatives' organisations with whom he had worked so long and so amicably. He did not mean to say that it had always been smooth sailing in regard to the dealings he had had with the operatives' organisations. He remembered a very stiff dispute he had with them when he first took over the management of the firm of which he was still the head, but during the 21 years he had been President of the Master Cotton Spinners' Federation there had been surprisingly little trouble between him and them. He had always had the greatest admiration for the Lancashire operatives, and wherever he had gone, and particularly when he had addressed international gatherings of cotton men, it had been a matter of satisfaction to him to lay emphasis on two things—the prominent position that the English cotton industry occupied among the other countries of the world, and the public-spiritedness of the operatives, who were ever ready to take part in any movement for the good of the industry. They not only gave their counsel, but contributed their money, and he hoped this co-operation would continue. Incidentally, he might say that he was strongly of opinion that the operatives should have been taken into consultation long ago in dealing with the present crisis, the greatest the industry had ever had to pass through.

Sir Charles went on to say that he came to Manchester 64 years ago, then a lad in his seven-

teenth year. He did not know that he had any special leaning towards an industrial career; indeed, had he had his way he would have been a soldier, as most of his forbears had been either in the Army or the Navy. He had very little idea when he was engaged in the drudgery of business in his early life, that his choice would involve him in one of the most strenuous careers that any man has had to pass through. Very early he recognised that if a man was possessed of certain talents it was his duty to use them in the interests of the nation, in preference to using them for the purpose of amassing wealth. There was little real pleasure and satisfaction in amassing wealth for its own sake, a fact which the late Andrew Carnegie, perhaps the wealthiest man in the British Empire, recognised as much as anybody. He had talked with Mr. Carnegie on the matter, and in his book, "Recollections," had set down some of these conversations, along with a number of verses, entitled, "Me and Andra," which appeared in the *Dumfermline Press*. The writer of the verses, an old blacksmith, sought to show that there was really little to choose between the man of wealth and the man of poverty, wealth not being an essential. The writer said:—

"We're puir bit craiturs, Andra, you an' me,
Ye hae a bath in a marble tub, I dook in the sea;
Café au lait in a silver joog for breakfast gangs to you;

I sup my brose wi' a horn spuin an' eat till I'm fu'.
An' there's nae great differ, Andra, hardly ony,
My sky is as clear as yours, an' the cl'uds are as bonnie;
I whussle a tune through my teeth to mysel' that costs nae money."

To this Andrew Carnegie replied that the writer could not know, as he did, how trifling were the advantages of wealth, and that beyond a competence for old age, wealth lessened rather than increased human happiness.

Sir Charles went on to speak of the important part Manchester had played in promoting the welfare of the cotton industry of the world, particularly in connection with the founding and development of the work of the International Cotton Federation and the International Institute of Agriculture. Three years ago he was invited to a banquet given in Malvern, Mr. Stanley Baldwin's constituency, at which the present Prime Minister was the chief guest, and he took the opportunity of referring to the formation of the International Cotton Federation which was established in Manchester in 1905 and to the subsequent assistance rendered to the International Institute of Agriculture when its formation was hanging in the balance. The appeal that was made by the promoter of the latter organisation, David Lubin, a merchant of Sacramento, California, then living

at Malvern, who at enormous sacrifice of time and money carried on the propaganda work, received Sir Charles's whole-hearted support. In these two international organisations, which had gone on continuously and harmoniously for twenty years, a league of nations had in reality been at work. They had proved conclusively that without international co-operation it was quite impossible for the peoples of the world to be supplied with the necessaries of life, food and clothing. The harmonious co-operation of these two organisations was in marked contrast to the great difficulties that the League of Nations was encountering at Geneva to-day. In his opinion it was altogether unsatisfactory that these two organisations, in the initiation in which Manchester would always be closely associated, had not been used to the extent that they might have been. He hoped that the two organisations would yet be found an object lesson, that if they wanted to get things done they must entrust them to practical men, and also that they must rely more and more on the virtues of co-operation in working out the problems of the world.

Sir Charles said that he had noticed recently that there had been a ventilation of schemes for lifting our greatest manufacturing and exporting industry out of the position into which it had been allowed to drift. He welcomed these schemes, with which, however, he had had nothing to do, as evidences that there was at last an awakening. But these schemes did not give prominence to what was essential, in that they must have reliable statistics

of production, consumption, and stocks, otherwise matters of detail were of little value. Until arrangements were made for these statistics being secured there were no data to start from. A matter of the utmost importance in connection with the cotton industry of the world, was the supply of statistics which had been tabulated now for twenty years, showing the extent of machinery, its increase or decrease, and the consumption of raw material. It was a remarkable service, totals only being published, without any disclosure of individual figures. If these statistics had been studied as their importance demanded, we should not have been subjected to the large amount of erroneous writing regarding the position of the cotton industry. The effect of the views of men who took a microscopic view of the position, was to mislead the public as to the real position that the English cotton industry held among the cotton-using countries of the world.

In conclusion, Sir Charles said, I wish again to express my gratitude to my colleagues on the Manchester and District Cotton Employers' Association, for the honour they have done me, and for the kind words that have been uttered to-day by the Lord Mayor of Manchester. I can assure you that I have been deeply touched by this expression of goodwill.

Sir Arthur Haworth, Bart., chairman of the Manchester Royal Exchange, in proposing "The City of Manchester," said that Manchester was evidently not a place where wealth accumulated while men decayed, as evidenced by the type of man

they were all delighted to honour that day. Sir Arthur playfully remarked that they had imported many things into Manchester besides cotton, notably men from the land of "Highland Dew" and the Shorter Catechism, but along with the toughness and rigidity of those born north of the Tweed, had come the virtues of public-spiritedness and a willingness to serve others, and these admirable traits were especially to be found in the person of Sir Charles Macara.

Mr. Richard Brooks, Chairman of the Manchester Cotton Association, in responding to the toast, drew attention to the fact that Sir Charles Macara was the first President also of the Manchester Cotton Association, and instanced some of the great advantages that had accrued to users of cotton, who brought their raw material direct to their mills by way of the Manchester Ship Canal.

Mr. E. R. Streat, Secretary of the Manchester Chamber of Commerce, submitted "The Cotton Industry," remarking that he for one declined to believe in the pessimistic stories told of the cotton trade, and said that in the long run it was bound to meet with success.

Mr. Fred Holroyd, President of the Federation of Master Cotton Spinners' Associations, in responding to the toast, paid tribute to the excellent work done for the industry by Sir Charles Macara, whom he was delighted to be present to honour, and who he sincerely and earnestly desired would for many years live to enjoy a well-earned leisure. Two of the positions that Sir Charles had occupied

he (Mr. Holroyd) now occupied himself, and he could assure those present that they were not by any means to be regarded as sinecures. In referring to the difficulties of the present trying times, he did not ask for sympathy, but he hoped that members of the trade would try to help those entrusted with administrative duties by means of constructive criticism rather than vilification. The cotton trade was not the only trade in this country that was suffering to-day. Every staple industry was in similar difficulties; some of them in greater difficulties. But there was no trade in the country in which there had been so much adverse criticism, and he earnestly appealed to them to stop that kind of thing. He had visited mills in many countries in Europe and in North and South America, and the mills of none of them were better equipped than those in our own country, nor were any of them in a better position. Our buildings on the whole, were much better than those in foreign countries, our machinery and management were quite equal to them, and in many respects superior, and there was no country in the world with workers equal to ours.

It might be asked why, if these things were true, the industry was in such difficulties. It was because, since 1914, we had spent £8,000,000,000 of our capital not in producing, but in blowing production, and the means of production, away. And the unfortunate thing was that although we were perhaps £10,000,000,000 worse off than in 1914 most of us thought we were better off. At any

rate, we acted as if we did, not only as individuals, but as a State. Neither individually nor collectively could we go on for long spending more than we had coming in. That was the way to ruin.

He was bound to admit that the cotton trade had been doing that. The Federation had been charged with lack of foresight, vision and wisdom, but those of its critics who had taken the trouble to go to its offices and enquire what had been done had gone away confounded. Much more had been done than most people imagined. Indeed, he considered that they had done almost all that it was possible for human beings to do.

The difficulties were almost unsurmountable. Until they could by some means bring the prices of their commodities down to a level at which the world could afford to purchase them, he saw very little hope for either the cotton trade or any other trade. It was all right reducing production to the amount needed, but that in the long run did not tend to bring prosperity to the country as a whole. Short-time and similar measures were only palliatives, not final solutions. What remained for them to do was to devote their energies towards bringing the cost of production down to the level at which customers would be able to buy their goods.

Mr. William Branson, Chairman of Rylands and Sons Ltd., in proposing the toast of "The Manchester and District Cotton Employers' Association," said that as an illustration of Sir Charles Macara's enthusiasm, that gentleman had in the early days of the Association done excellent

work in the way of personal canvassing which had added greatly to the membership of the organisation.

The Chairman (Mr. Arrowsmith), in responding said that it was with considerable hesitation that he took up the chairmanship of the Manchester and District Cotton Employers' Association, so long and so successfully occupied by his illustrious predecessor, Sir Charles Macara, and that hesitation would have been considerably increased if he had not been doing previously very active work on some of the most important committees of the Federation. There were one or two matters in which he thought his efforts on behalf of the trade had borne fruit, viz., the greater consideration that the manufacturing side of the Spinners' Federation received, and the closer co-operation with the Cotton Spinners and Manufacturers' Association. He added that he had followed with close interest all the panaceas that had been put before the industry; and pointed out that before a patient could be cured he had to be induced to take the medicine. We were taking more out of the country than we were putting into it. In conclusion, Mr. Arrowsmith said he hoped that the Association would lose none of the lustre it had gained under the chairmanship of Sir Charles Macara.

Colonel F. R. McConnel, of the Manchester and District Cotton Employers' Association, in proposing the health of "The Guests," spoke particularly of the success of Sir Charles Macara's

work in bringing cotton employers and operatives into closer co-operation for the good of the industry.

Mr. John Potter, Vice-chairman of the Manchester and District Cotton Employers' Association, supported the toast.

Mr. Edward Judson, President of the Amalgamated Association of Operative Cotton Spinners, in responding to the toast, said that no man in the industry was more highly respected than Sir Charles Macara, and stated that that gentleman was the first to bring employers and operatives into equal partnership through the medium of the Brooklands Agreement. The employers had been the means of breaking down that instrument—(cries of No, no!")—but it was satisfactory to note that the settlement of disputes still followed along the lines laid down by the Brooklands Agreement. At a time when they were all endeavouring to find some means of restoring the trade to prosperity, it was good to think that there was no industry in the country where employers and operatives alike took such an intelligent interest in the welfare of their industry as in the cotton trade. Besides, there were a million or two operatives who had a financial stake in the industry, and that too deepened their interest. Sir Charles Macara, he noticed, was now said to be going into retirement. All that that meant was that he might take things a little easier. No one could stop him from working as long as he lived.

Mr Judson concluded by moving a vote of thanks to the Chairman for presiding and this was

seconded by Mr. F. A. Hargreaves, President of the Cotton Spinners' and Manufacturers' Association, and supported by Sir Charles Macara.

Mr. Hargreaves remarked that he had attended the luncheon at great personal inconvenience, but he had done so in order that he might have an opportunity of paying his tribute to Sir Charles Macara, whom they all held in the highest possible regard. He had never met a gentleman more enthusiastic or more anxious to do everything he possibly could for the welfare of the trade than Sir Charles, from whose wise advice the industry had benefited on very many occasions. He hoped Sir Charles would be able to render service still, and no doubt he would, for he still had the pen of a ready writer. It was the hope of all connected with the trade that Sir Charles would have still many years of life before him, and the best of health to enjoy them.

Mr. James Crinion (President of Amalgamated Association of Card and Blowing Room Operatives) wrote that pressing business necessitated his going to London and he expressed great regret at his unavoidable absence.

He added: Sir Charles and I have often had to meet during the past thirty years, on matters concerning the cotton industry, and I have always found him possessed of first-hand knowledge of

the industry. He is well entitled to take his leave from the worries of the past, and I wish for him the best of whatever life can give.

Mr. W. Thomasson, (Secretary of Amalgamated Association of Card and Blowing Room Operatives) who also had to go to London, wrote regretting his inability to be present and said : I am pleased to see that your Association is recognising the valuable services of Sir Charles Macara, services which have been invaluable to the Cotton Trade. I hope and trust that Sir Charles will live long to enjoy the retirement which he has so well earned.

SIR CHARLES MACARA, BART., ON THE COTTON TRADE.*

It is unfortunate that during the Manchester Civic Week, our greatest textile industry should still be suffering from the deplorable condition it has been in for the past six years.

Various schemes have been propounded for grappling with this very unfortunate position and although I have had nothing whatever to do with the formation of recent schemes, I welcome them as an indication of an arousing from the apathy that has existed for so long.

The scientific methods I have put forward for dealing with the situation are so well known, and have been so thoroughly demonstrated in the collection of statistics by the International Cotton Federation during the last twenty years, that it is surprising that with such an object lesson as this before us, we have not become alive to the immense possibilities of getting statistics of production, consumption and stocks and regulating supply to demand. This information, in my opinion, is absolutely essential for an industry that is subject to world contingences over which it has no control, and I fear that until these statistics are available, it will be difficult for us to emerge from our present condition.

The prosperity of the cotton industry depends

upon the recognition of the fact that the industry must be dealt with as a whole, and not in the interests of the individual. Under present conditions, improvement in one section is speedily followed by the turn-over of competing spindles to that section with a consequent return to unsatisfactory conditions.

The turn-over of spindles spinning Egyptian cotton to the spinning of American cotton and vice versa, can only be checked by dealing with the industry as a whole.

I have written so much on this subject that it is almost impossible to expound my views more fully than I have done already in the leading journals of this and other countries. These views have all been put on permanent record, as have also the reports of the enquiry made by the Provisional Emergency Cotton Committee into the causes that have led us into our present unhappy state.

The findings of the enquiry, contained in three volumes of 400 pages each, were very definitely in favour of the setting up of a full and effective control of the spinning industry, on lines such as have brought prosperity to the bleaching, dyeing and finishing trades. Up to the present, selfishness and obstinacy have prevented this scheme from going through, but modern industrial conditions will force us sooner or later to take it up.

What is so galling is that so much money should be lost, and so great a hardship imposed upon workpeople engaged in the two great sections of spinning and manufacturing, and those who

have found the capital to run our mills, before so simple and obvious a lesson can be learned. The common instinct of self-preservation, one would have thought, would have brought us to our senses long ago; as it is, we have to look back upon six years wasted in all kinds of futile efforts on the part of the employers' organisations in the spinning and manufacturing sections, none of which contains any statesman-like policy for bringing a real and lasting prosperity to the trade.

**Textile Mercury,* October 2nd, 1926.

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Second Impression (12,500). Price, Five Shillings net.

PRESS OPINIONS.

"Sir Charles Macara believes that our industrial life is finding a new shape and a new direction, thanks to a better understanding between Capital and Labour. For this state of things he gives the credit principally to the cotton trade, wherein, for instance, employers and operatives saw how much more economically and efficiently an unemployment scheme could be worked within the industry instead of by the State."
—*The Times.*

"Sir Charles deals with many points, and submits that 'a plea for a more general interest in the great staple trade of Lancashire is not an idle one nor a selfish one; it concerns

a matter which affects the pocket of every man in the country.' ''—*Manchester Guardian.*

"He says: 'If America does not keep pace with the world's requirements, or runs the price up to a point which makes the purchase of cotton goods impossible for the great mass of the poorest people in the world, then there is nothing for it but to look elsewhere for a great part of our supplies.' . . . . Sir Charles Macara is not an outrageous optimist. He hopes that we shall 'in a few years time, at all events,' get the cheap, plentiful supplies of cotton that the world needs."

—*The Yorkshire Post.*

"Suffice it say that, ever steering clear of the cross-currents of party politics, he has directed his entire energies to the end of the betterment of conditions in industry, and, particularly, to the general welfare of all connected with the cotton trade. His new work is full of meaty matter. We might be tempted, however, to single out the chapter on the American speculator as the most apt and opportune at the present time."—*Yorkshire Observer.*

"Sir Charles has a long record of honourable public service; he has shown himself a pioneer in projects for the cultivation of raw cotton—in the scientific ascertainment of costings and profits, and their utilization in wages controversies—in co-operation with organized Labour, and in his general conception of the great industry which he has served as an organized public service."—*The Nation and the Athenæum.*

"For the most part articles and addresses deal with aspects of the cotton industry, but there are two on the subject of education, four classed under the head 'Freedom of Trade,' and in an appendix there are eight papers on subjects ranging from 'Aids to Industrial Peace' to 'War Debts and Disarmament,' and an appeal on behalf of the National Lifeboat Institution."

—*Birmingham Post.*

"The author expresses the opinion that in future less attention will have to be given to party politics and more to practical affairs if we are to maintain our standing as the leading industrial and commercial nation of the world."

—*The Financial Times.*

"The author is imbued with a sense of the magnitude and stupendous importance of his subject, and he views with concern the cankers that are paralysing the cotton industry to-day. . . . All who are in any way interested in the cotton industry will do well to consult these pages, and even if they are not always in agreement with the means suggested for the solution of present problems, they cannot fail to catch some of the hopeful and disinterested zeal that animates the author in dealing with the great industry whose progress he has made his constant study."—*British and Latin American Trade Gazette.*

Trade Stability

AND HOW TO OBTAIN IT

BY

SIR CHARLES W. MACARA, BART.

Price, Five Shillings.

Sherratt & Hughes, Manchester.

PRESS OPINIONS.

"Some two years ago we noticed a lengthy volume of Sir Charles Macara's dealing with the question of short time in the Lancashire trade. There he made it clear that the trouble was the impossibility owing to the shortage of American cotton of producing an adequate supply of yarn at a reasonable price. Here, in a collection of short papers, he emphasizes and extends the same idea.—"The Times."

"As to profits he says truly that when it is explained what a comparatively small part share capital plays and what risks are run by shareholders, who have to pay interest on heavy loans whether profits are made or not, a very different aspect is put upon the profits earned by some mills."—"Manchester Guardian."

"What an investor should be concerned about," he says, "is whether his assets are being properly dealt with, and not what his dividend may be at a particular time . . . . . Depreciation is an essential and fundamental charge for the maintenance of efficiency, and in no sense could it be considered as profit."—"Daily Dispatch."

"There is much in the volume that will be helpful to those who are studying industrial conditions, and the clarity with which Sir Charles Macara sets forth his views makes them easily understandable by laymen. Such a book is valuable in these times."—"The Manchester City News."

"Sir Charles believes that a reserve of cotton should be created when conditions are favourable, so as to regulate the supply of cotton from year to year, the supply under present conditions varying millions of bales from one year to another. It would not only be of immense value in regulating the supply of raw material, but would be a powerful factor in eliminating gambling operations, which are so detrimental to everyone engaged in the cotton trade, from the grower to the distributor."—"Daily Courier" (Liverpool).

"In this volume are included a number of striking articles on trade stability, etc., by the author which have appeared in leading home and foreign journals, and which should be read by all who have the economic welfare of the nation at heart."—"Chamber of Commerce Journal."

"The urgent needs of the present moment for measures that will encourage industry, give this interesting miscellany of reprinted and revised articles by a leader in the cotton industry a value difficult to over-estimate for readers inquiring how the obstacles holding up our trade and commerce can be got round or got over."—"Scotsman."

"Contains much argument in favour of a system of control in industry, especially in the cotton industry."—"Glasgow Herald."

"Sir Charles Macara, who is a great figure in the cotton industry, produces articles written by him for various journals, and also the evidence submitted to Sir Arthur Balfour's Committee on British Trade in July of last year. Sir Charles affirms again and again that the Lancashire cotton spinners have nothing to fear from abroad, but they must co-operate more than they have done in the past. He declares himself emphatically a Free Trader."—"Sheffield Daily Independent."

. . . . The book is a valuable and peculiarly individual contribution to the problems of one of England's key industries by a leader of industry, who really has something to say."—"South Wales Daily Post."

"Nothing is more important at the moment than that Capital and Labour should be brought to work together in harmony, and to all who are interested in helping toward that end I would recommend Sir Charles Macara's 'Trade Stability, and How to Obtain It.' "—"Landmark."

"The author knows all the facts about the subjects which he discusses, and all that he has written deserves to be read with attention."—"Belfast News Letter."

"Sir Charles is an exceedingly well-known writer on such subjects, and his contributions to the Press and in volume form have for long been looked upon as very valuable. He is an economist of no mean order, and, what is more, he is a man of great practical experience. As an authority on the cotton trade, and particularly that of Lancashire, he has no rival."—"Syren."

"This book contains a precis of the evidence prepared by Sir Charles Macara 'the statesman of the cotton trade,' for submission to the committee appointed by the Government last summer to inquire into British trade problems . . . . . As for trade difficulties generally, he reaffirms his conviction that industries should be worked as

industries, and not in the interests of sections or of individual employers; and again recommends the reappointment by the Government of an Industrial Council. His suggestions merit the consideration due to a recognised authority."
—"The Aberdeen Press and Journal."

"Sir Charles Macara, Bt., has held every important office in the cotton industry, both nationally and internationally, and has taken a prominent part in all movements for its benefit for forty years or so. With these qualifications, Sir Charles expresses views on 'Trade Stability and How to Obtain it,' which must carry considerable weight."
—"Bristol Times."

"His system of control could scarcely fail to have a beneficial effect upon the internal working of the industry."
—"Newcastle Journal."

"Sir Charles Macara writes with common-sense, encouragement, and first-hand knowledge."—Belfast Telegraph.

"Sir Chas. Macara's reputation as a leader of the cotton trade is of very long standing. For over 20 years he was chairman of a body which preserved industrial peace in one of the most important industries of the country. Sir Charles holds strong views on industrial organisation, and is one of the leaders of a movement which would restore the cotton control system which operated in Lancashire during the war."—"Eastern Daily Press."

"Sir Charles Macara is known as an untiring publicist for those causes which he has at heart—international co-operation and interdependence of capital and labour in industry."
—"African World."

"The control advocated by Sir Charles is based upon co-operation between capital and labour, and although its application is essentially British, it will be recalled by those who have read previous works of his that he has always been a staunch advocate of international co-operation, and believes in social and industrial interdependence of an international character."—"Textile World" (New York and Boston, U.S.A.).

"In view of the extraordinary confusion of mind which exists, even among eminent politicians and business men, as to the real position of our great cotton industry, Sir Chas. W. Macara, whose authority on this subject is undisputed, has performed a useful service in bringing together some of his many articles, speeches, etc., for the benefit of the general reader."—"Glasgow Evening News."

"Sir Charles Macara is well known in the cotton trade both in England and abroad. His views are weighed with great care by the authorities in the American cotton trade, and his advice has considerable influence in political circles in Great Britain."—"New York Journal of Commerce."

"One of the sages of the industrial world is Sir Charles W. Macara, Bart. . . . . His pen is seldom idle in the vital cause of which he is an outstanding champion, and every now and then his writings are reproduced in book form, making valuable and permanent contributions to the major question of industrial peace."—"Edinburgh Evening News."

"Industry throughout the world is at the moment struggling, and every effort is being made to obtain stability in trade. Sir Charles Macara has had many years of experience in industry and argues in favour of a system of industrial control, and the betterment of labouring conditions throughout the world."—"Netherlands Indies Review."

"Sir Charles Macara has been one of the leaders of the Lancashire cotton industry during the lifetime of a generation; he is a man of "Big Business"; he is also one of the most voluminous of present-day writers on economic subjects.
"The Irish News."

"Always a skilful and successful organiser, his remedy for the present state of things is control, of which he is a most ardent advocate, and control is the pervading note in the volume which he has just issued."—"Cotton Factory Times."

"The book also deals with the recapitalisation of mills and with profits in the cotton industry, and is not only a work of reference but a mine of information, the reading of which is indispensable to those who desire to obtain a grasp of the problems of the cotton trade."—"Drapers' Record."

"Sir Charles W. Macara, Bart., has just published a book which, giving arguments in favour of the establishment of a system of control in industry, and especially in the cotton industry, strives to bring about more harmonious relations between Capital and Labour."—"Draper and Drapery Times."

"In the present state of the trade a book that is informative and critical should not be neglected."—"The Textile Mercury."

"He attacks the unscientific short-time methods employed, and sees a much more effective means of bringing about an improvement, in more effective organisation, whose aim should be to bring production and demand into line.
—"Weltwirtschaftliches Archiv," Kiel University.

"His proposals extend over a wide range, and their object is the accomplishment of changes which appear to have become necessary by the present state of development of modern industry."—"Giornale deglli economisti."